FINANCIAL TIMES

No. 26,683 — Wednesday June 4 1975 — ***10p

CONTINENTAL SELLING PRICES: AUSTRIA Sch.13; BELGIUM Fr.20; DENMARK Kr.2.75; FRANCE Fr.2.20; GERMANY DM1.70; ITALY L.300; NETHERLANDS Fl.1.50; NORWAY Kr.2.75; PORTUGAL Esc.15.00; SPAIN Pts.30; SWEDEN Kr.2.50; SWITZERLAND Fr.1.50.

NEWS SUMMARY

GENERAL

Split in African ranks widens

The widening split within the African National Council was underlined yesterday when Dr. Gordon Chavunduka, its secretary-general, offered to resign rather than work for a disunited party and Mr. Joshua Nkomo, leader of the former ZAPU, insisted that the planned party congress be held as scheduled on June 21.

Mr. Ian Smith, Rhodesian Prime Minister, said yesterday that the week-end's events in which 11 Africans were shot dead by the police, "brought into sharp focus the difficulties the Government faces in trying to negotiate with people who cannot agree among themselves, and whose disagreements so readily flare up into violence."

In Lagos the Federal Military Government of Nigeria condemned Sunday's killing of Africans by the Rhodesian police and described the incident as a "deliberate provocation" of the Nationalists and the whole of Africa by Mr. Ian Smith. Back page

Murder report names Kenya police chief

A Kenyan Parliamentary Select Committee report has linked Mr. Ben Gethi, commander of Kenya's elite para-military police, with the murder of Mr. Josiah Mwangi Kariuki, 45, a popular Nairobi politician.

The report states that Mr. Gethi should be regarded as "a person who took an active part in the murder or as an accomplice of the actual murderer or murderers."

Mr. Kariuki's murder brought to an end a controversial career as a Parliamentary critic of President Jomo Kenyatta's Government.

Hopes rise at British Airways

Shop stewards will to-day recommend a mass meeting of ground engineers at London's Heathrow airport to call off their week-old strike. If the men agree to revised peace terms in the TriStar-handling pay dispute, British Airways will begin to restore European and domestic flights to-morrow. Back page. Glasgow shuttle succeeds, Page 30

Derby bets to exceed £17m.

National betting turnover on to-day's Derby at Epsom is expected to exceed £17m. Last night Britain's big bookmaking companies were anticipating a big pay-out on Green Dancer, the French-trained 6-4 favourite or England's hope, the 5-1 Grundy. To-day's racing, Page 2

Cambridge sit-in

Students began a sit-in at Senate House, Cambridge University, yesterday in protest over the university's rejection of their call for nursery facilities for students' children. Police were summoned, but the students refused to move.

June showers

Hailstorms over the Pennines and in South Wales yesterday followed Monday's June snow. The Meteorological Office advised to-morrow's Referendum voters to watch for bright intervals between showers.

Close to home

President Ford's daughter-in-law, Mrs. Gayle Ford, has lost her $2.85 an hour teaching aid job at an Ipswich, Massachusetts, school because of a cut in Federal funds.

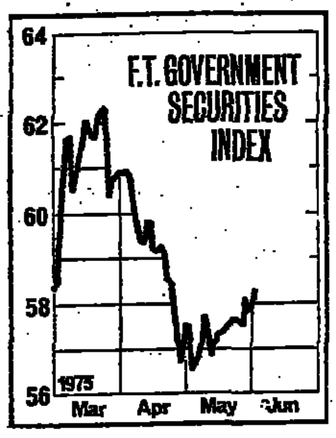
The Queen and the Duke of Edinburgh are to visit Nigeria from October 14-23.

BUSINESS

Equities lose 7.5; gilts improve

● **EQUITIES** were dull, though many of the leaders more than recovered earlier losses. The FT 30-share index dropped 7.5 to 350.6, but 5.1 of the fall was accounted for by the sharp reaction in John Brown. Rises outnumbered falls in FT-quoted Industrials by 3-2. Gold Mines index gained 3.2 at 413.2.

● **GILTS** improved in quiet trading, with shorts gaining up to 5/16 while longs were ½ to ¾ higher. Government Securities index rose 0.27 to 58.25.



● **INVESTMENT DOLLAR** premium fell 6½ points to 102½ per cent.

● **GOLD** rose $2¾ to $165¾.

● **THE £** closed at $2.3205 ($2.3195) while its weighted depreciation was 24.7 per cent. (24.6). Dollar's was 7.13 (7.09).

● **WALL STREET** was 2.89 higher at 849.50 near the close.

● **U.S. TREASURY** has dropped its six-year investigation into steel imports from the U.K. and seven other European countries. Page 5

NUR will seek union support

● NUR leaders are expected to appeal for support from other public service industry unions when they meet to-day to draw up plans for their first national rail strike since 1926. Back Page

● **SAUDI ARABIA** is seeking maximum U.K. participation for an ambitious $142bn. five-year plan of which details will be revealed to-day. Back Page

● **NORWAY'S AKER** shipbuilding group is unlikely to secure payment of over £20m. in damages within the 14 days stipulated by an arbitration court. Back Page

● **CLOTHING INDUSTRY** economic development committee has put forward a £42m. scheme to boost productivity and reduce its trade deficit. Back Page

● **CHILE** has warned Britain that, unless it accepts the rescheduling of debts repayments agreed by other creditors in Paris last month, it will receive no payments at all. Page 5

● **BRITISH LEYLAND** launches the Allegro estate car, priced from £1,880, on the U.K. market to-day. Page 8

● **SPERRY UNIVAC** was the major beneficiary, and Honeywell and ICL the main losers, in a substantial shift of their shares in the European computer market in the two years to last December. Page 4

● **STOCK EXCHANGE** turnover in May fell £1.9bn. to £6.7bn., the lowest level so far this year. The number of bargains declined 88,326 to 562,967. Page 15

● **DE LA RUE** pre-tax profits for the year to March 31 fell by £0.93m. to £8.27m. Page 23 and Lex

CHIEF PRICE CHANGES

(Prices in pence unless othrwise indicated)

RISES:

Exchequer 6½% 1976	198¼	+ 1/16
Transport 3% '78/88	£41¼	+ ¼
Allied Retailers	68	+ 6
Ash & Lacy	137	+ 5
Comet Radiovision	37	+ 5
Coral (J.)	109	+ 9
De La Rue	183	+ 16
Hestair	87	+ 8
Hewden-Stuart	55	+ 4
Johnson Matthey	329	+ 6
Long John Intl.	132	+ 7
McCorquodale	173	+ 17
Magnet Joinery	155	+ 9
Marley	81	+ 4
Natl. Westminster	235	+ 8
Normand Elect.	37	+ 4
Sparrow (G. W.)	113	+ 7
Stakis (Reo.)	21½	+ 3
Thorn. Elect. 'A'	162	+ 10
Wolseley-Hughes	92	+ 5
Ultramar	208	+ 10
Marievale	510	+ 20
Selection Trust	680	+ 35
Southern Malayan	180	+ 7
Western Holdings	£39½	+ ¾

FALLS:

Beecham	303	− 5
Brown (J.)	77	− 41
Hambros	153	− 7
Inchcape	382	− 16
Laird Group	45	− 4
Land Secs.	186	− 6
MEPC	145	− 9
Martin the News	138	− 5
Town & Commercial	17	− 3½
Bishopsgate Plat.	86	− 4
Cons. Murchison	740	− 20
Minorco	270	− 15
Silvermines	73	− 5

(FT stock indices and FT-Actuaries summary, Page 35.)

Anti-market claims on unemployment 'bunk' says Healey

BY JOHN BOURNE, LOBBY CORRESPONDENT

Mr. Denis Healey, the Chancellor of the Exchequer, in his first major intervention in the referendum campaign, last night poured scorn on the argument of the "antis" that joining Europe has given Britain an enormous trade deficit involving unemployment in manufacturing industry as high as 700,000. "Bunk," he called it.

In a special statement issued by the Treasury, Mr. Healey said: "It is not clear how this figure has been produced, but ... then presumably if we had not joined the Common Market our unemployment would be reduced by 700,000.

"In other words Britain would have fewer people out of work than at any time since the Second World War, although the world is suffering from its most severe recession since the war.

"Anyone who believes that will believe anything."

The Chancellor's statement adds scornfully: "In any case, most of the anti-Marketeers want us to try to join EFTA and then negotiate free trade with the Common Market. In that case the tariff situation would be no different than if we remained members of the Common Market."

The first estimate of unemployed—500,000—was produced by Mr. Anthony Wedgwood Benn, the Secretary for Industry, whom Mr. Roy Jenkins, the Home Secretary, said later was difficult to take seriously any longer as an economics Minister. The figure was increased afterwards to 700,000 by Mr. Michael Meacher, Mr. Benn's acting number two in the Commons.

The Chancellor's broadside maintained that the whole of the anti-Market argument about the decline in British manufacturing was "grossly over-simplified and misleading."

Employment in industry had fallen in nearly all the countries competing with Britain between 1964-70. Japan and Germany were outstanding exceptions and the only countries in the developed world with a higher proportion of people employed in industry than Britain.

Referendum News Pages 12& 13
Tories attack du Cann, Back Page

Since 1970 manufacturing employment here had continued to fall, although manufacturing output had risen faster than before. According to the statement, this was because although industrial investment had been increased under the last Labour Government, the people released from manufacturing by more efficient machinery had nearly all found jobs elsewhere. A million more men and women were employed in the public services, for example.

Moreover, from 1972 to 1974 Britain's exports of finished manufactures to Europe rose in value by more than similar exports to other parts of the world, and 1974 was one of the rare years in which British exports of finished goods increased more than its imports — just over 7 per cent. in volume compared with less than 2 per cent.

Mr. Healey said he would not build too many conclusions on all these statistics (earlier in the day the Duke of Edinburgh had described the referendum campaign as a "bout of statisticuffs"), but the claim that joining Europe was the cause of unemployment in manufacturing was "clearly bunk."

The same was true of the claim that we were losing jobs heavily through the export of capital to Europe. Since his first Budget, he said, Europe had been treated exactly the same as the rest of the world for capital export. Moreover, the vast majority of British investment abroad was done out of profits made abroad or by borrowing abroad.

The Chancellor's statement ended: "The problems of unemployment and manufacturing to which the anti-Marketeers point have nothing to do with the Community. They reflect our failure since the war to raise our productivity as fast as most other countries have done.

"Solving these problems depends on making better use of existing equipment, or improving the rate of return on capital so that it is worth while investing more and, above all, on reducing our rate of inflation.

Jobs subsidy and price controls ordered in France

BY RUPERT CORNWELL — PARIS, June 3.

FACED with a new spurt in inflation and rising unemployment, the French Government to-day hit back by ordering arbitrary controls on certain prices, and measures to provide more jobs—above all for the 300,000 young people who this autumn will come on to a shrinking labour market for the first time.

The four-point jobs programme was made public this afternoon in the National Assembly by Prime Minister Jacques Chirac. His aim, though he did not say so, is to prevent unemployment, already at 800,000 according to conservative official figures, from topping the emotive 1m. mark later this year.

Recruitment

Both public and private sectors will play their part. The State will step up recruitment in the areas it controls, while M. Chirac mapped out a joint scheme of industry and Government to encourage companies to take on new labour, even if it is not justified by the slack state of the economy.

For each new job created for those under 25 before October 21 a company will receive a premium of Frs.500 (£55) a month; and for those created before December 1 one of Frs.300 (£33).

At the same time, industry will be given lavish incentives to take on surplus workers and train them in readiness for the moment when activity picks up.

The price measures introduced by M. Jean-Pierre Fourcade, the Finance Minister, were also widely expected after April's 0.9 per cent. jump in the retail index. They involve a mixture of controls on margins and a partial freeze.

For 10 categories of goods, including clothes and footwear, linen and plastic household utensils, prices will be frozen until September 15. For a further 14 products, including edible oils, coffee and chocolate, retail margins control will be considerably reinforced.

The Ministry has ordered cuts of up to 7 per cent. in the price of certain domestic and industrial fuels—a direct consequence of the dollar's weakness, which has sharply reduced the cost of oil imported into France. The news, however, is unlikely to be very popular with French oil companies, which already complain bitterly that they are losing money.

M. Fourcade said afterwards that the strengthened controls followed the failure of traders to pass on recent falls in raw materials and producer prices fully. The official target remains to bring the inflation to below 10 per cent. a year, it is hoped to around 8 per cent., later in 1975.

Main questions

The main questions now are whether the authorities can enforce the ruling, and if so whether French retailers will tolerate it.

Their resistance should not be treated lightly, for in December, 1973, a shopkeepers' strike forced the Government to rescind similar measures to curb inflation. Before details of to-day's decisions were known, their federation was already protesting against any new price controls at a time when business conditions were worsening.

Swan Hunter 'doubles' assets

BY DAVID BELL

SWAN HUNTER, the shipbuilding group which is strongly resisting plans to nationalise about 85 per cent. of its activities, has revalued its fixed assets by £26.7m. in an attempt to put further pressure on the Government to reconsider its compensation terms.

The company also revealed in its annual report yesterday that it gave £61,000 last year to the Northern Industrialists' Protection Association, an organisation in Newcastle formed for the furtherance of the free enterprise system. "This was a once-and-for-all payment, and in making it we were aiming to help safeguard the future independence of the company," a spokesman said.

The company says that the new valuation—£51.8m. as opposed to present net book value of £25.06m.—will not be used in the accounts. But it intends to make full use of it in talks with the Government because the Aircraft and Shipbuilding Interests Bill "does not take into account asset values of the subsidiary companies involved."

Negotiation

Under the terms of the Bill compensation for quoted companies is to be based on the average share price of the company in the six months to February 27, 1974. Compensation for unquoted companies, such as Swan's subsidiaries, is to be a matter for negotiation. But Mr. J. M. Jardine, the group finance director, said that according to the Bill the value of the whole Swan Hunter group would be only £17m., compared with a net book value of £25m. and current assets of a further £23m.

"We want to draw attention in the strongest possible terms to the fact that the proposed compensation terms are ludicrous when related to fixed assets and current assets," Mr. Jardine added.

The accounts are qualified by Price Waterhouse, the company's auditors, who note that no allowance has been made in them for any shortfall which may arise between the price paid on nationalisation and the amount at which the net assets of subsidiaries are quoted in the accounts.

FEATURES

FT REPORT

ON OTHER PAGES

ANNUAL STATEMENTS

For latest Share Index 'phone 01-246 8026

AUEW post vote: legal bid goes on

By Roy Rogers, Labour Correspondent

MODERATES in the Amalgamated Union of Engineering Workers are to press ahead with legal moves to reverse the union's controversial decision, made on the casting vote of president Mr. Hugh Scanlon, to abandon postal elections for officials at the end of the year.

This follows the failure yesterday of appeals to the AUEW national executive against the decision when once again Mr. Scanlon was forced to use his casting vote.

The appeals came from Mr. John Weakley, one of two Welsh delegates disqualified at the union's recent rules revision conference, and Mr. Tal Lloyd the AUEW's South Wales divisional organiser.

Although it is open for them to take the matter to the union's final appeals court in October, the current Left-wing majority on the 11-man lay appeals court leaves them little scope for optimism, and last night both men said they would proceed with their legal moves.

Mr. Weakley said that Llanelli shop stewards would be meeting within a few days to set up a fighting fund. Both he and Mr. Lloyd declared their determination that 70,000 Welsh AUEW members should not be disenfranchised by the disqualification of the Welsh delegates.

Their disqualification—on the grounds that the divisional committee that selected them was not properly constituted—meant that an earlier 27 to 25 decision to maintain postal balloting system was tied at 25 to 25 with Mr. Scanlon using his casting vote to signal the return to the old branch voting system.

Yesterday's rejection of the appeals was predictable, with the six-man executive splitting on political lines. Mr. Scanlon will probably have to use his casting vote on many more occasions until later this year when three executive posts come up for re-election including that vacated by right-winger Mr. John Boyd, who has just been elected general secretary.

With voting for these posts due in October they will be conducted under the postal system—thought to favour moderates—although if the first ballots are inconclusive the second round ballots could be conducted at branch meetings early next year.

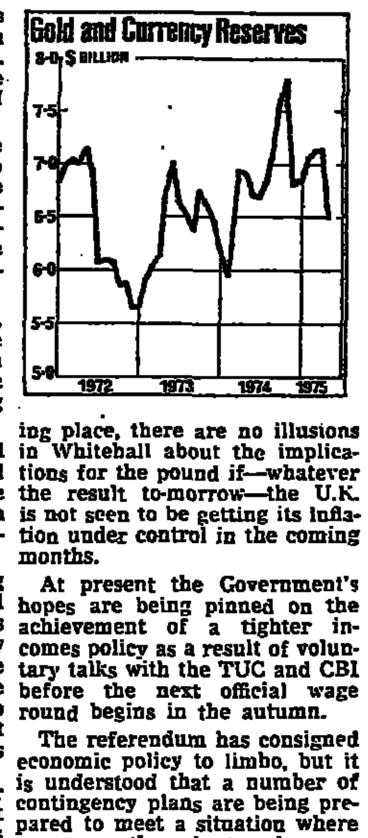
Meanwhile Mr. Scanlon yesterday received the support of his executive in his resistance to "any allegation of ballot rigging"

Editorial comment Page 18

Reserves fell 10% in May to $6.5bn.

BY WILLIAM KEEGAN, ECONOMICS CORRESPONDENT

THE U.K.'s official reserves dropped by $641m. (£277m.) in May to stand at $6.491bn. (£2.8bn.) at the end of the month, the Treasury stated yesterday.



Because of the intensive use made of almost every available economic statistic during the referendum campaign, an atmosphere of great sensitivity surrounded the publication of the reserve figure yesterday afternoon.

The only major adjustment, however, which needs to be made to the announced figure is an allowance for $72m. of public sector foreign borrowing during the month.

This borrowing comprised loans of $46m. to the National Coal Board and $26m. to the British Steel Corporation—both from an EEC source, the European Coal and Steel Community.

The loans were raised during a month when the build-up of oil producers' funds in London was much less in evidence, partly because of the slowdown in the rate at which OPEC countries are accruing surplus funds, but also reflecting a change of sentiment by these countries towards sterling.

Without the public sector borrowing, the rserve loss last month would have been in excess of $700m., representing the combined effects of the continuing—but reduced—rate of balance-of-payments deficit on current account, and the cost of supporting sterling once the slide in the rate had reached 25 per cent. depreciation from December, 1971 levels.

This level was hit on Monday May 12, and the rate fell to 25.2 per cent. on Tuesday May 13, at which level the .K. authorities were seen aggressively defending strling to signify that the fall—from 22.8 per cent. at the beginning of the month—was regarded as enough for the time being. As the Financial Times reported at the time, the Bank of England spent over $200m. supporting sterling on the Tuesday alone.

While there has been considerable official concern about the possible foreign exchange market reaction to a "no" vote in to-morrow's referendum, the market has been notably calm since the middle of last month. Yesterday was a very subdued day on the exchanges, with sterling remaining at 24.7 per cent. depreciation all day.

The decline in sterling to around the 25 per cent. level was regarded as inevitable in view of the U.K.'s rapid rate of inflation.

While it is hoped that the 25 per cent. mark constitutes a resting place, there are no illusions in Whitehall about the implications for the pound if—whatever the result to-morrow—the U.K. is not seen to be getting its inflation under control in the coming months.

At present the Government's hopes are being pinned on the achievement of a tighter incomes policy as a result of voluntary talks with the TUC and CBI before the next official wage round begins in the autumn.

The referendum has consigned economic policy to limbo, but it is understood that a number of contingency plans are being prepared to meet a situation where success on the voluntary incomes front is not forthcoming.

Given the firmly entrenched distaste for a statutory incomes policy, a Selwyn Lloyd-type "pay pause" to be administered by employers at the Government's "request" is one possible measure.

Various Ministers, including Mr. Healey, the Chancellor, and Mr. Edmund Dell, the Paymaster-General, have also been hinting strongly about further cuts in public spending.

It is believed, however, that within the context of a situation in which the Government felt there was a limit to its ability to cut public spending in the short term, a further package of tax increases might be on the cards.

Ideas being thrown around in Whitehall include a tax on company payrolls—possibly by a straight increase in the National Insurance stamp.

While the feasibility of various schemes is being studied in Whitehall, nothing on these lines has been firmly decided.

Meanwhile, Government sources emphasise that, faced with a projected balance-of-payments deficit of $7bn. this year, the U.K. has, if needed, the availability of some $12.4bn. of overseas borrowing facilities "on a variety of terms and conditions."

Editorial comment Page 18

LOMBARD

Why I intend to vote "No"

BY C. GORDON TETHER

"WE HAVE seen you commenting in anti-Market fashion on many aspects of the EEC debate during the past few weeks," many readers have written to me. "Could you, before the day of decision arrives, provide an overall picture of the reasons why you will be voting 'No' in the referendum?" I will do my best, within the limited space at my disposal, to oblige.

Let's start with the economics. The Mark 1 prospectus for British entry, it will be recalled, relied very heavily on the advantages Britain was supposed to derive in the economic growth and other senses from the "dynamic effects of entering a market of 300m.," arguing that such benefits would be so considerable that we would be amply compensated for the costs involved.

There is obvious room for argument as to how far involvement in the EEC is responsible for the accelerating debilitation of our economic life during two-and-a-half-years inside. But no one can deny that entry has failed in every sense to produce the promised gains. That means that, economically, it has proved a bad bargain. No one has adduced a single solid reason for thinking that the hoped for benefits will start rolling in the end. And as renegotiation is going to do very little to prevent the cost continuing to mount, that bad bargain is inevitably going to get materially worse.

Must benefit

The economy cannot but benefit from restoring Britain's freedom to shop in the cheapest food markets—and remember that during only one year or so since the EEC was formed, have its commodity prices not been greatly in excess of world levels. It must also benefit from freedom to take whatever measures are needed to reverse our serious de-industrialisation — including the enforcement of controls on capital flows.

Britain's economic strategy clearly stands in need of a fundamental overhaul whether we stay in or come out. The spur to set this is motion is much more likely to be given by a decision to come out—if for no other reason than that it will create a new situation. And the re-birth of self-confidence needed to carry it through is also obviously much more likely to be forthcoming if we make up up our minds to extricate ouselves from the EEC rather than begin the final surrender of our independence to a European super-State.

I do not consider that the impressive evidence that coming out would be economically advantageous to Britain is in any way invalidated by the fact that the business community is said to be whole-heartedly in favour of staying in. Its interests are not necessarily identical with those of the economy at large in a matter of this kind and, in any case, the assessment it made for the purposes of the earlier Great Debate turned out to be hopelessly wrong.

Nor do I think we need take any notice of the scarifying talk about withdrawal the pro-Marketeers have featured in their propaganda since they found they were unable to produce an economic case worth speaking about. These are the figments of their imagination.

The scares

The £ won't collapse if there is a "no" vote because the arguments that have stopped the oil sheikhs withdrawing their money en masse—more particularly the certainty that they would risk losing their all—will still be there. We won't be reduced to penury by the lack of an "alternative" because one already exists. It is to do as dozens of other freedom-loving countries like Norway, Sweden and Switzerland are doing and trade widely in a world market of fast disappearing tariffs.

The French and the Germans won't go to war just because Britain is co-operating with Europe from outside the EEC rather than from within. And the security of our food supplies will be better assured if we are buying from the whole world rather than becoming totally dependent on a region subject to great climatic variations.

In short, there is so little to lose and so much to gain in the economic sense from withdrawal that there would have to be very impressive reasons indeed under other headings for staying in to justify a "yes" vote. But where are they? Remaining in the EEC must expose us to a far-reaching loss of sovereignty because economic and monetary integration is what the Treaty of Rome is all about. And even if belonging to such a bloc had appeal, it would be foolish to discard our own democratic way of life to get into it before we could see that a competent new one would be erected in its place.

And what, in any case, is so virtuous about promoting another power bloc? Recent experiences show that these are the political dinosaurs of our time. Britain should be working to speed their passage into oblivion rather than helping to prolong the retrogressive method of conducting human affairs they stand for.

RACING — BY DOMINIC WIGAN

It's Grundy for the Derby

WITH BOOKMAKERS quoting France at evens to lift to-day's 195th renewal of the Blue Riband and offering fractional odds against England, and 8-1 Ireland, the stage is set for one of the most intriguing runnings of the Derby since the war.

Many will not look further than Nijinsky's son, *Green Dancer*, for the winner. But despite the brilliant French colt's obvious claims, I believe that he may find one just too good in England's principal hope, *Grundy*.

The far from stoutly bred Grundy, who many had thought unlikely to stay a mile and a half before the start of the season, convinced me that he would last out to-day's Derby distance when running on strongly at the end of Newmarket's 2,000 Guineas (staged on a notably stiffer course than this, and on far softer ground).

He again gave every encouragement that stamina limitations would not be his downfall here when defeating Monsanto in the Irish equivalent on another testing course, the Curragh, three weeks ago.

In Ireland, Grundy, making his third and most recent appearance of the season, appeared to be fully in charge of proceedings at halfway, and so it proved, with him going on to defeat the French-trained runner-up by 1½ lengths, a distance which could well have been extended had Pat Eddery so wished.

Dr. Carlo Vittadini's handsome chestnut, who I am inclined to think had not quite returned to his best form of 1974, when beaten by Bolkonski at Newmarket, has never been in finer trim. In a race which may well not be settled until well inside the final furlong, I expect him to wear down and overhaul Green Dancer, bidding to become the first Derby winner in 13 years to be sired by a previous winner of this race.

Fidion, beaten only ½-length and ½-length when third behind Val de l'Orne and Top Gear in the Prix Noailles at Longchamp towards the end of April, and Green Dancer's closest Observer Gold Cup victim *Sea Break*, may fill the minor positions. Those betting on who finishes last may well do best to row in with either *Tanzor* or *Whip It Quick*, both of whom were quoted at 5-1 for that position yesterday.

After the Derby, Tanzor's trainer, Clive Brittain — who, on the corresponding day a year ago, achieved a double through Mendip Man and Averof—saddles the once-raced *Deringo* in the Woodcote Stakes (4.20). I do not intend to oppose this colt, a highly-creditable third when beaten half a length and a neck by River Bloom and Lord Helpus in the Scarbrough Stakes at York on May 14.

He was handicapped here through having nothing to race with and should settle to-day's race some way from home *through his remarkable initial* pace, which will be put to good advantage by Brian Taylor. Deringo is a confident selection.

In the Diomed Stakes (4.10), won a year ago by Brittain's principal money-earner of 1974, Averof, it could well pay punters to take a chance with *Top*, who could go to post at attractive odds.

EPSOM

2.00—Music Boy
2.35—Blaskette*
3.35—1 Grunday
2 Green Dancer
3 Fidion
4 Sea Break
4.20—Deringo***
4.50—Top**
5.25—Step Ahead

RIPON

2.15—Swiftly
2.45—Kafka
3.20—Border River
4.05—Proud Pathan
4.35—Pierino

Bookmakers ready for bumper pay-out

BY MICHAEL THOMPSON-NOEL

AFTER TWO platinum-plated benefit years, the bookmakers are steeling themselves for a bumper pay-out on to-day's Derby. Morston (25-1) in 1973 and Snow Knight (50-1) last year were Epsom tonics for the bookies but this afternoon, they say, the big bookmaking companies anticipate a healthy pay-out on Green Dancer, the French-trained 6-4 favourite, or on the Italian-owned Grundy (5-1).

"Fair do's," said a top bookie last night. "We'll pay out like men."

National betting turnover on the race is expected to top £17m. Ladbroke, which expects to take £1.75m. in Derby bets, says its biggest wagers so far are £33,000 to £1,000 against Royal Manacle and £18,000-£3,000 against Grundy.

William Hill's turnover on the race should be £1.5m.-plus, and Coral's £1m.-plus. William Hill has laid a bet of £33,000 to £1,000 against Hobnob.

Owners with runners in the race include Sir Charles Clore (Anne's Pretender), Dr. Carlo Vittadini, the Italian industrialist (Grundy), Mr. Ravi Tikkoo (Hunza Dancer), Col. Sir Douglas Clague (Red Regent) and Mr. Nelson Bunker Hunt (Nobiliary). Nobiliary will be the first filly to run in the Derby since 1944.

First prize this afternoon is a record £106,465.50. With place money, the total Derby prize pool is swollen to £157,630, more than half of this derived from entry fees. The Betting Levy Board has put up £65,000 and the Epsom executive £10,000.

If the weather is fine, the police expect a crowd at the race of more than 600,000. Now that the Newmarket stable lads have withdrawn their threat to picket the racecourse—120 of them are still on strike—the race will be televised as usual.

Saleroom appears to-day on Page 10

Education theme for conference

THE first world conference of secretaries of banking institutes, with the theme the education of the young banker, opened in Edinburgh yesterday with an address by Mr. John Burke, president of the Institute of Bankers in Scotland, which is celebrating its centenary.

Mr. Burke told the 14 banking institute secretaries from 13 countries that their basic objectives were the same—producing bankers who were technically qualified.

Technical qualifications alone did not make the complete banker. There had to be practical experience and a blend of knowledge, judgment, loyalty and responsibility — and a sense of humour.

Banking institutes could not imbue all these qualities, but they could at least give to young bankers a start in the right direction.

CRICKET SCORES BY TELEPHONE

Cricket fans in the London area will be able to hear the latest scores on a 24-hour basis by dialling 154, the cricket-by-telephone service. Outside the 01-area the number to dial will be 16, but there the service will be available only from 8 a.m. to 7 p.m.

GARDENS TO-DAY

Presents for friends abroad

BY ROBIN LANE FOX

IF YOU THINK we will still have some foreign friends by the end of this week you will be interested in a new way of being nice to them. To any address in any country you can now send a shrub or tree of your choice or theirs; you merely send your order to Interarbor of Castle Hedingham, Essex, who will arrange it for you. The cost is £8 for most orders, rising to £14 where the tree is large or the recipient very distant.

Local delivery

Interarbor offers the same service throughout Britain, listing such trees as Silver Birch or Dawn Redwood. As these can be ordered and delivered through a local nursery for half the price or less within the U.K., Interarbor's service is best used for convenience in foreign countries only. There, you may not know a local nursery.

Interarbor will arrange a local delivery in any reasonable country and bother you with nothing more than their standard charge. Maybe a tree is a disruptive present, as it has to be placed and planted carefully. But your friend can choose what he wants, making his and Interarbor's job much easier, and I know of nothing more evocative as a memory of a visit or friendship. The service is a charming luxury, and as long as it does not encourage the spread of more Forsythia and sickly pink Cherry blossom I wish it well.

Personally, I will continue to favour presents of unusual bulbs. The problem here is the important restriction on imports of uncertified stock. These can hold up a box of unknown lilies for too many weeks while their healthiness is checked by officials. Again a local supplier *is advisable, but a firm of inter*national repute will usually arrange the formalities for you.

Like many others I was much impressed by the exhibit of van Tubergen at the Chelsea Flower show recently. We are wrong not to take more interest in summer flowering bulbs, and their splendid show of unusual and exotic varities for cold greenhouses or warm flowerbeds has encouraged me to lay some ambitious plans for next season. At Willowbank Wharf, Ranelagh Gardens, Fulham, they handle their U.K. orders. There are some excellent ideas in their catalogue both for presents abroad and for all greenhouses at home which, like my own, are more notable for their red spider in late summer than for an elegant succession of pot plants.

Take Veltheimias, for example. You may know that they come from South Africa, source of so many fine flowers which we are still too shy about risking in this country; I doubt if you had any more idea of their beauty than I did, until they turned up at Chelsea this year. They are very easy to grow in a five-inch pot, say, in a greenhouse which is not heated but which can be warmed, maybe by a paraffin stove, during a cold winter spell.

Red Hot Pokers

I hesitate to compare their flowers with those of a Red Hot Poker, as the latter is a flower which rouses the most unmerited prejudice in many gardeners' minds. Actually, the Veltheimias' pinkish and yellowish flowers droop on their stiff stems, so you cannot dismiss it as one more rigid ugliness which I have forced you to consider, because I like Red Hot Pokers and do not like such safe and ordinary things as Rose Peace or annual pom-pom Asters.

Veltheimias can be planted in September and encouraged first by watering, then by watering and liquid manuring (an important treatment for any flowering bulb showing buds in a pot) until they flower in late winter. I thought that Tubergen's stock looked irresistible, particularly as their named varieties had clearer and cleaner colours.

Veltheimia Exactata Rosealba was the finest, to my eye, and I must admit it cost £4.50 for one bulb. When you consider the cost of rare cut flowers worthy of a sitting room in mid-winter, that is not so expensive. It should improve and develop from year to year, as long as you build up its strength by continuing to water and feed it for a month or two after flowering.

If you want something which is odd and dazzling, you should find room for the South African Haemanthus, whose name means "flower of blood." This is easy and unmistakable. Its flowers are bright scarlet and are shaped like the round head of a bottle brush. Maybe your bottles are not brushed, so you might find it easier to imagine the seed head of an onion, dye it red in your imagination and make it fluffy. The bulbs like a large pot in a greenhouse in which they can be ripened thoroughly in summer. I imagine they should be watered from autumn until early June, with the likelihood of a flower in spring. A most unusual present, and Tubergens have a tantalising selection.

Mention of the onion brings me to a group which we too often ignore out of doors in England. The hardy Alliums are extremely pretty, as any visitor to a garden like Sissinghurst will soon discover in a few weeks' time: there, like mauve flowers of the Albo-Pilosum variety, round headed and individually star-shaped, are a fine match for the borders of old roses.

More humbly, I was reminded of Allium Siculum at Chelsea, not the brightest of the family but notable at two seasons, in flower and, above all, in seed. This is a bulb which is in keeping with fashion. Its head of green-blue flowers droops charmingly on tall stems, and is striped with dull red: the seedheads are a happy combination of dark seeds and grey-white dried surrounds. These deserve a place in the most sophisticated flower arrangement. It is not particularly cheap, but the best never is.

Not difficult

Myself, I would rather receive a bulb of this flowering onion than a tree from abroad: like the Veltheimia and Haemanthus it is not too difficult to grow well and will take kindly to foreign climates.

If bulbs and trees, not pound notes, gold and people, are all that is passing out of this country in a months' time, you may feel too thankful to trouble to add to their number. But there is no present like a present which grows and develops; before you send me a brown-leaved Berberis and a mixed assortment of heathers, I must, however, warn you that I have no space, least of all a space in which to overcome my deepest dislikes in the gardening kingdom.

TV/Radio

† Indicates programme in black and white.

BBC 1

9.38 a.m. For Schools, Colleges. 10.45 You and Me. †11.00 For Schools, Colleges. 12.00 Cricket: Benson and Hedges Cup. 1.30 p.m. Fingerbobs. 1.45 News. 2.02 For Schools, Colleges. 2.40 Cricket: Benson and Hedges Cup. †3.58 Regional News (except London). 4.00 Play School. 4.25 Wacky Races. 4.35 Jackanory. 4.50 Z-Shed. 5.15 Yao, African Prince. 5.40 Roobarb.
5.45 News.
†6.00 Nationwide.
6.50 The Wednesday Film: "The Time Of Their Lives," starring Bud Abbott and Lou Costello.
8.10 Survivors.
9.00 News.
9.25 Wodehouse Playhouse.
9.55 Sportsnight.
10.50 Going Places.
†11.20 Regional News.

All Regions as BBC 1 except at the following times:—

Wales—11.40 a.m.-12.00 Let's Look at Wales (for Schools). 5.15-5.35 p.m. Maldwynaldwyn. 5.35-5.40 Magic Roundabout. 6.00-6.50 Wales To-day. 6.50-7.10 Heddiw. 7.10-7.40 'R Oeddwn i Yno. 7.40-8.10 Whatever Happened to the Likely Lads? 10.50-11.20 Folk Scene. †11.20 News of Wales.

Scotland—6.00-6.50 p.m. Reporting Scotland. 10.50-11.40 Churchill's People. †11.40 Scottish News Summary.

Northern Ireland—3.58-4.00 p.m. Northern Ireland News. 6.00-6.50 Scene Around Six. 10.50-11.20 Athletics from Belfast (highlights). †11.20 Northern Ireland News Headlines.

England—6.00-6.50 p.m. †Look North (from Leeds, Manchester, Newcastle); †Midlands To-day (from Birmingham); †Look East (from Norwich); Points West (from Bristol); †South To-day (from Southampton); †Spotlight South-West (from Plymouth). 10.50-11.20 North (from Leeds) Brass Roots; North-West (from Manchester) I Am Isherwood; North-East (from Newcastle) Ballad of Northumbria; Midlands (from Birmingham) Master Craftsman; West (from Bristol) Chanson Francaise; South-West (from Plymouth) Peninsula; South (from Southampton) Keepsakes; East (from Norwich) On Camera.

BBC 2

†6.40 a.m. Open University.
10.35 Nai Zindagi Naya Jeevan.
11.00 Play School.
4.00 p.m. Cricket: Benson and Hedges Cup.
†5.00 Open University.
7.05 Worlds Without Sun.
7.30 Newsday.
7.45 Rugby Special: Australia v England.
8.10 The Ascent of Man, personal view of J. Bronowski.
9.00 Wessex Tales.
9.50 Inside Story.
10.35 Don't Quote Me.
11.05 News Extra.
11.29 Closedown — Jill Balcon reads "Sparrow" by Norman MacCaig.

LONDON

9.30 a.m. Schools Programmes. 12.00 Rainbow. 12.15 p.m. The Adventures of Rupert Bear. 12.30 Mr. and Mrs. 1.00 First Report: News, FT index. 1.20 Lunch-time To-day. 1.30 Derby Day—Racing from Epsom and Racing from Ripon. 4.50 You Must Be Joking! 5.20 The Brady Bunch.
5.50 News from ITN.
6.00 To-day.
6.35 Crossroads.
7.00 Don't Ask Me.
7.30 Coronation Street.
8.00 And Mother Makes Five.
8.30 Marcus Welby, MD.
9.30 The World of Television.
10.00 News.
10.30 Special Branch.
11.30 Wrestling.
12.10 a.m. Abbott of Westminster.

All ITV Regions as London except at the following times:—

ANGLIA

1.25 p.m. Anglia News. 5.20 Lassie. 6.00 About Anglia. 8.30 The Zoo Gang. 10.30 Wrestling. 11.15 Your Music at Night.

ATV MIDLANDS

1.20 p.m. Lunchtime Newsdesk. 5.20 ATV To-day including Junior Police Five. 6.00 ATV To-day. 8.30 Kung Fu. 11.15 Wrestling. 12.00 Morris Stuart.

BORDER

12.30 p.m. Bridget Loves Bernie. †1.25 Border News. 5.20 Circus. 6.00 Border News and Lookaround. †11.15 Border News Summary.

CHANNEL

5.20 p.m. Elephant Boy. 6.00 Channel News. 6.10 To-day in the Guernsey States. 6.15 Wait 'Till Your Father Gets Home. 8.30 The Streets of San Francisco. 10.30 Wrestling. 11.10 News and Weather in French followed by Epilogue.

GRAMPIAN

1.20 p.m. Grampian News Headlines. 5.20 Dusty's Trail. 6.00 Grampian News. 6.10 Grampian News Special. 8.30 Kung Fu. 9.25 Police Newsroom. 10.30 Wrestling. 11.15 Evening Prayers.

GRANADA

1.20 p.m. This is Your Right. 5.15 Betty Boop. 5.20 Crossroads. 6.00 Granada Reports. 6.30 Firehouse. 8.30 The Streets of San Francisco. 10.30 Mystery Movie. 11.55 Wrestling.

HTV

1.20 p.m. Report West Headlines. 1.25 Report Wales Headlines. 5.20 Orbit 5. 5.25 Crossroads. 6.01 Report West. 6.15 Report Wales. 6.30 Cuckoo in the Nest. 8.30 Police Story. 10.30 Wrestling. 11.15 Police Surgeon.

HTV Cymru/Wales—As HTV General Service except 1.20-1.25 p.m. Penawdau Newyddion Y Dydd. 6.01-6.15 Y Dydd.

HTV West—As HTV General Service except 1.20-1.30 p.m. Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

1.25 p.m. Road and Weather Report. 5.20 Professor Kitzel. 5.25 Crossroads. 6.00 Scotland To-day. 6.30 Chicago Teddy-bears. 8.30 The Collaborators. 10.30 At Your Request. 11.00 Late Call. 11.05 It's Only Money. 11.35 A Place in Europe.

SOUTHERN

1.20 p.m. Southern News. 5.20 Dodo. 5.25 Crossroads. 6.00 Day by Day. 8.30 The World of Television. 9.00 Hawaii Five-O. 10.30 Music in Camera. 11.00 Southern News Extra. 11.10 Night Gallery.

TYNE TEES

9.25 a.m. Starting Point. 5.20 p.m. The Woody Woodpecker Show. 6.00 To-day at Six. 8.30 Hawaii Five-O. 10.30 Boney. 11.30 Late News Extra. 11.35 The Things We Say.

ULSTER

1.20 p.m. Ulster News Headlines. 4.48 Ulster News Headlines. 5.20 Survival. 6.00 Summer Reports. 8.30 The Streets of San Francisco. 10.30 Wrestling.

WESTWARD

12.25 p.m. Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 5.20 Elephant Boy. 6.00 Westward Diary. 8.30 The Streets of San Francisco. 10.30 Wrestling. 11.10 Westward Late News. 11.13 Faith for Life.

YORKSHIRE

1.20 p.m. Calendar News. 5.20 Out of Town. 6.00 Calendar. 8.30 Hawaii Five-O. 10.30 The Odd Couple. 11.00 Wrestling. 11.45 Look Ahead.

RADIO 1 — 247m

(S) Stereophonic broadcast

6.00 a.m. As Radio 2. 7.00 Noel Edmonds. 9.00 Tony Blackburn. 12.00 *Paul Burnett, including 12.30 p.m. News-beat.* 2.02 David Hamilton (S) also on VHF, including 3.35 The Derby. 5.00 Newsbeat. 5.15 Anne Nightingale reviews the latest sounds around. 7.00 As Radio 2 until 12.33 a.m. closedown.

RADIO 2 — 1,500m and VHF

6.00 a.m. News Summary. 6.02 Simon Bates (S), including 6.15 Pause for Thought. 7.02 Terry Wogan (S), including at 8.27 Racing Bulletin and 8.45 Pause for Thought. 9.02-11.30 Pete Murray's Open House (S), including 10.30 Waggoners' Walk. 11.30 Jean Challis (S), including 12.02 p.m. and 1.02 Cricket. 1.03 Motor Cycling. 1.50 Cricket Scoreboard. 1.55 Good Listening (VHF). 2.02 David Hamilton (S) as Radio 1, but including on 1,500m only (also 202m Scotland) 2.45, 3.45 and 4.45 Sports Desk. 3.20 The Derby. 4.50 The Diomed Stakes. 5.02 Waggoners' Walk. 5.17 Sam Costa (S), including at 5.45 Sports Desk. 6.45 Sports Desk. 7.02 Lucky 13! 7.30 Cricket Scoreboard. 7.32 Ring-A-Song (S). 8.02 Country Club (S). 10.02 Sports Desk. 10.05 Eugene Fraser with Music Through Midnight and at 12.00 News. 12.31 a.m. News Summary.

RADIO 3 — 464m, Stereo & VHF

‡ Medium Wave only

7.00 a.m. News. 7.05 Your Midweek Choice, part 1: Bellini, Vaughan Williams (S). 8.00 News. 8.05 Your Midweek Choice, part 2: Alkan, Nielsen (S). 9.00 News. 9.05 This Week's Composers: Balakirev and Borodin (S). 9.45 French Organ Music (S). 10.20 Gabrieli String Quartet (S). 11.30 Schoenberg and Mendelssohn (S). 1.00 p.m. News. 1.05 Concert Hall (S). 2.00 Poets on Music (S). 2.20 Cathy Berberian (soprano) and the Rotterdam Philharmonic Orchestra (S). 2.50 New Records (S). 3.55 In Repertory: Richard Van Allan introduces and illustrates some of the roles in his repertory (S). 5.00 Choral Evensong. ‡5.45 *Homeward Bound.* †6.05 News. ‡6.10 Homeward Bound (continued). ‡6.30 Study On 3. 7.30 BBC Northern Symphony Orchestra, part 1: Berlioz, Dvorak (S). 8.20 The Arts Worldwide. 8.40 Concert, part 2: Schubert, Strauss (S). 9.35 Scientifically Speaking. 10.25 Chopin piano recital (S). 11.25 News.

Radio 3 VHF only—6.00-7.00 a.m., 5.45-7.30 p.m. and 12.00-1.00 a.m. Open University.

RADIO 4 — 434m, 330m, 285m and VHF

6.20 a.m. News. 6.22 Farming To-day. 6.40 Prayer for the Day. 6.45 To-day, including 6.50 and 7.50 VHF Regional News. 6.55 Weather, programme news. 7.00 News and more of To-day, including 7.27 Sportsdesk. 7.35 To-day's Papers. 7.45-7.50 Thought for the Day. 7.55 Weather, programme news. 8.00 News and more of To-day, including 8.27 Sportsdesk. 8.35 To-day's Papers. 8.45 Short Story. 9.00 News. 9.05 The Living World. 9.35 Frank Muir Goes Into . . . Boredom. †10.00 News. †10.05 In Britain Now. 10.30 Daily Service. †10.45 Morning Story. †11.00 News. †11.05 Round Britain Quiz. †11.30 Thirty-Minute Theatre. 12.00 News. 12.02 p.m. You and Yours. 12.27 Brain of Britain 1975. †12.55 Weather, programme news VHF (except London and SE) Regional News. 1.00 The World at One. 1.30 The Archers. 1.45 Woman's Hour ‡ from 2.00) including 2.00-2.02 News. 2.45 Listen With Mother. 3.00 News. 3.05 Afternoon Theatre. 4.00 News. 4.05 Les Folies Bergères. 4.35 Story Time. 5.00 PM Reports. ‡5.50 Financial Report, VHF Regional News. 5.55 Weather, programme news. 6.00 News. 6.15 Twenty Questions. 6.45 The Archers. 7.00 News Desk. 7.30 It's Your Line. 8.30 Lifelines in Medicine. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.45 A Book At Bedtime. 11.00 The Financial World Tonight: Radio 4's International Business Report: Market Trends. 11.15 Pop Goes Pygmalion. 11.30 News.

For Schools: VHF only—9.25 a.m.-12.00 and 2.00-3.00 p.m.

BBC Radio London — 206m and 94.9 VHF

6.00 a.m. As Radio 2. 6.30 Rush Hour. 9.30 Downtown. 11.03 In Town. 12.03 p.m. Call In—1. 12.45 London News Desk. 1.03 Call In—2. 2.03 206 Showcase. 3.03 Young in Mind. 4.03 Sound Out. 4.32 Home Run, including London News Desk at 5.00, 6.00. 7.00 In Town. 8.00 Rail. 8.30 In Concert. 10.03 Mike Sparrow's Late Night London. 12.00 As Radio 2 until closedown.

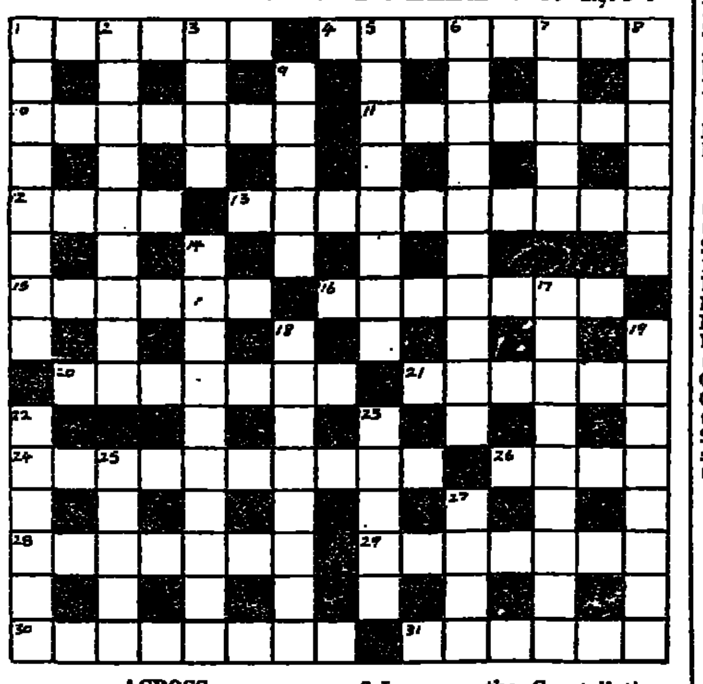
London Broadcasting — 261m and 97.3 VHF

6.00 a.m. "AM": London's breakfast-time news show, with interviews, traffic and travel service, plus sport, with Douglas Cameron and Tony Tucker. 10.00 Open Line—London talks to George Gale. 12.00 Newswatch. 6.00 p.m. Newsbreak. 7.30 Music in Stereo, devised by Andrew Carnegie. 9.00 Love in London, presented by Adrian Love. 1.30-6.00 a.m. Night-watch—News every half-hour.

Capital Radio — 194m and 95.8 VHF

6.30 a.m. Kenny Everett with 3½ hours of music and madness. 9.00 Michael Aspel with music, Features, Advice and Swop-shop. 12.00 Cash On Delivery with Tommy Vance and Music. 3.00 p.m. Roger Scott with Music. 7.00 London To-day. 7.30 Open Line. 9.00 Nicky Horne's rock show. 11.00 Tony Myatt's late night on Capital. 2.00 a.m. Night Flight.

F.T. CROSSWORD PUZZLE No. 2,794



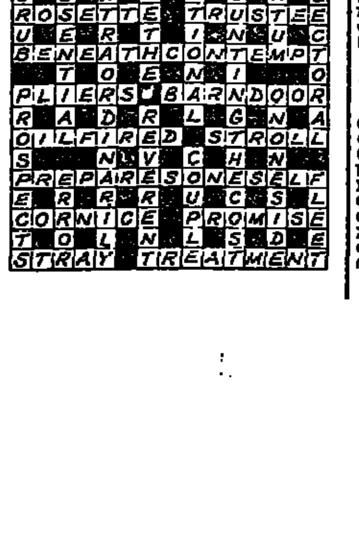
ACROSS

1 Figures it must be in lodgings (6)
4 A schoolboy's offence puts the crooner to bed (8)
10 Condition from a purveyor without right (7)
11 "I am the —— and the doubt" (Emerson) (7)
12 Measure that sounds inexperienced (4)
13 One bloomer in a protracted war (3, 3, 4)
15 It's just the opposite to the French (2, 4)
16 A chorist makes up to a bird (7)
20 Drink on the house? What a liberty (7)
21 Wool for Ireland in a short time (6)
24 Set Lucy up a gum-tree for a change (10)
26 To look right inside is alert (4)
28 Pull apart a feature in a tipster (4, 3)
29 It is nonsense to walk unsteadily after tea (7)
30 "And catch with his —— success" (Macbeth) (8)
31 Preserved in alcohol? (6)

DOWN

1 Some indeed are gone (8)
2 We should close with what delights a spinster (4, 5)
3 Pious hope after tea means a fall (4)
5 Symbol of mercy causes irritation in the USSR (3, 5)
6 Leap on the Constellation—you need not run after these (10)
7 I won't change after bisection (2, 3)
8 Stuffed with Cheddar (6)
9 Time for tea? Why not coffee? (5)
14 Skinflint at large? Must be crazy (5, 5)
17 Contributed—what a perfect approach (7, 2)
18 Arrives about favourite—and enters the tournament (8)
19 Sacred chief en route for Ireland (8)
22 A race in prices at school (6)
23 Leaves even (5)
25 Carry in triumph support for British rail (5)
27 Public prosecutor expresses thanks for the facts given (4)

SOLUTION TO PUZZLE No. 2,793



ENTERTAINMENT GUIDE

OPERA & BALLET

COVENT GARDEN — 240 1911. THE ROYAL OPERA. Tonight & Sat. 7.30 Il barbiere di Siviglia. Cond.: Atherton Tomor. & Mon. 7.30 Madama Butterfly. Fri. & Tues. 7 La forza del destino. Seats available except tonight.

GLYNDEBOURNE FESTIVAL OPERA. Until August 6 with the London Philharmonic Orchestra. Today, Fri. & Sun. at 5.15 Yevgeny Onyegin (Tchaikovsky). Tomor., Sat. & Mon. at 5.30 The Cunning Little Vixen (Janacek). Tkts. at £11.90 & £10.80. For tomor., tickets unsold at 10 a.m. today offered at 2 for the price of 1. Box Office Glyndebourne, Lewes (Ringmer 812411) & Ibbs & Tillett, 124, Wigmore St. (01-935 1010).

NEW LONDON. 405 0072. Until June 21 — Now Booking. EKATHRINA SOBECHANSKAYA with THE TROCKADERO GLOXINIA BALLET COMPANY — the all male ballet co. PROG. 1 Opens tnt. 8.0, then Fri. 8.30, Sat. 5.0, Tues. 8.0; PROG. 1: Tomor. & Mon. 8.0, Fri. 5.0, Sat. 8.30.

SADLER'S WELLS THEATRE, Rosebery Ave., EC1. 837 1672. Until Sat THE TOKYO BALLET. Evgs. 7.30. Mat. Sat. 2.30. Tonight & Tomor. Orient Occident, Concerto Butterfly. Fri. & Sat. Nutcracker.

SADLER'S WELLS THEATRE. 837 1672. NEDERLANDS DANS THEATRER. June 9-28. 4 Programmes. 11 New Ballets.

THE ROYAL BALLET AT BATTERSEA PARK. 240 1911. Tonight 7.30, Mon. 2.30 & 7.30: Swan Lake. Tomor. 7.30: Giselle. Tomor. & Fri. 7.30, Sat. 2.30 & 7.30: Concerto, Giselle. Tues. 7.30: Les Sylphides, Prodigal Son, Elit Syncopations. Seats avail. except tomor. & Mon. Mats. & Sat. & Tues. eves. Bkgs. day of perf. 01-240 1066 until 5 p.m. then at Battersea Park.

THEATRES

ADELPHI THEATRE. 01-836 7611. Evgs. 7.30. Mat. Thurs., Sat. 3.00. "JEAN SIMMONS returns in triumph." E.N. HERMIONE GINGOLD "Fabulous woman." D. Mirror. JOSS ACKLAND "Beautiful performance." Observer. A LITTLE NIGHT MUSIC. "MUSIC THAT RAVISHES THE SENSES. A SHOW KISSED WITH GENIUS." Gdn.

ALBERY. 836 3878. Red. price prevs. From Tomor. Evgs. 8. Sats. 5 and 8.15. Opens June 16 at 7. JUDI DENCH, DANIEL MASSEY. THE GAY LORD QUEX with SIAN PHILLIPS. Directed by JOHN GIELGUD.

ALDWYCH. 836 6404. Return by public demand of RSC in Tom Stoppard's award-winning TRAVESTIES. "IT IS A CHAMPAGNE COCKTAIL." S. Tel. (Evgs. 7.30. Mat. Sat. 2.30—ends July 12). Recorded booking info. 836 5332.

AMBASSADOR'S. 836 1171. Mon.-Thur. 8.15. Fri. 5, 8.15. Sats. 6.30 and 8.45. £5 Theatre and Dinner £5. THERE GOES THE BRIDE. Top price ticket plus 3-course set dinner at a delightful nearby restaurant with wine, coffee, service and VAT ALL INCLUDED. £5 per head. Prices without dinner £2.50, £2.00 and £1.00.

AMBASSADOR'S. Also late-Night Revue at 11.15 p.m. to 12.15. (All seats £1) HINGE AND BRACKET. SIXTY GLORIOUS MINUTES.

APOLLO. 437 2663. Evenings 8.0. Mats. Thurs. 3.00. Sats. 5.00 and 8.30. MARGARET LEIGHTON, ALEC GUINNESS in A FAMILY AND A FORTUNE.

ARTS THEATRE CLUB. 836 3334. Great Newport St. (adj. Leic. Sq. Underground). Instant temp. membership available 15p. Evenings Tues. and Sun. at 8.00. King's Head Theatre Production KENNEDY'S CHILDREN. "The PLAY IS FANTASTIC." Observer.

CAMBRIDGE. 836 6056. "MUSICAL HIT OF THE SEASON." E.N. Michael DENISON, Derek GRIFFITHS, Val PRINGLE, Norman BEATON in THE BLACK MIKADO. "TERRIFIC ENTERTAINMENT." S. Exp. Evgs. 8.00. Thurs., Sat. 5.30 and 8.30.

CHICHESTER. 0243 86333. Tonight and June 5 at 7.0, June 7 at 2.0 AN ENEMY OF THE PEOPLE. June 6, 7 at 7.0, June 5 at 2.0 CYRANO DE BERGERAC.

COMEDY. 930 2578. Evgs. 8.00. Sats. at 5.30 and 8.30. Matinees Thurs. 3.00. "The delectable HAYLEY MILLS." D.T. PETER DONAT, LEIGH LAWSON. "Samuel Taylor's Joyous Comedy." E.N. A TOUCH OF SPRING. "Effervescent direction by Allan Davis." F.T. "The AUDIENCE were WEAK with LAUGHTER." F.T. "THIS FROLIC IS SUCH FUN." E.N.

CRITERION. 930 3216. Red. Pr. Prevs. Ton't at 8. Opens Tomor. at 7. Subs. Evgs. at 8. Sats. 5.30 & 8.15. Geraldine McEwan, Roderick Cook, Jamie Ross. "OH COWARD!" A musical comedy revue with words and music by Noel Coward.

DRURY LANE. 836 8108. Evenings 7.30. Matinees Wed. and Sat. 2.30. MICHAEL CRAWFORD. BILLY. A New Musical. "MICHAEL CRAWFORD A WHOPPING WONDERFUL STAGE STAR." News of the World. "HE AND HIS SHOW ARE A TREAT." Sunday Express.

DUCHESS THEATRE. 836 8243. Evenings 8.00. Fri., Sat. 6.15 and 9.00. ALIVE ON STAGE. OH! CALCUTTA! OVER 1,500 PERFORMANCES. "BREATHTAKINGLY BEAUTIFUL." S. Tel. "THE NUDITY IS STUNNING." D. Tel.

DUKE OF YORK'S. 836 5122. Evs. 8. Sats. 5 and 8.30. Mat. Th. 3 from June 12. BERYL REID, MALCOLM McDOWELL, RONALD FRASER. ENTERTAINING MR. SLOANE by JOE ORTON.

FORTUNE. 836 2238. Evenings at 8.0. Sats. 5.30 & 8.30. Th. 2.45 red. prices. SLEUTH. "THE BEST THRILLER EVER." N.Y. Times. 6th GREAT YEAR.

GARRICK. 836 4601. Evgs. 8.0 SHARP. Sat. 5.00 & 8.30. Red. price Wed. 3.00. ROBERT STEPHENS in MURDERER by ANTHONY SHAFFER. "BRILLIANT AND EXCITING."

GLOBE THEATRE. 437 1592. BEST PLAY OF THE YEAR. Evening Standard Drama Award. RONALD PICKUP in THE NORMAN CONQUESTS by ALAN AYCKBOURN. R'ND & R'ND THE GARDEN Tnt. 8.15, Sat. 5.30, Tues. 8.15. TABLE MANNERS Tmr. 8.15, Sat. 8.30. LIVING TOGETHER Fri., Mon. 8.15.

GREENWICH. 858 7755. CHARADES. Tnt. 8.0. A JOURNEY TO LONDON. Tmr., Fri. 8.0. Sat. 2.30 and 8.0 THE BORAGE PIGEON AFFAIR.

HAYMARKET. 930 9832. Evgs. 7.45. Mat. Wed. 2.30. Sat. 4.30 and 8.00. JOHN CLEMENTS in Ronald Millar-C. P. Snow's THE CASE IN QUESTION. "An excellent evening's entertainment. An enthralling story." —Harold Hobson, Sunday Times.

HER MAJESTY'S. 930 6606. Opens Saturday 8.0. Subs. Evgs. 8.0. Fri., Sat. 6.0 and 8.40. NOW BOOKING. HAIR.

KING'S ROAD THEATRE. 352 7488. Mon. to Th. 9.00. Fri., Sat. 7.30, 9.30. THE ROCKY HORROR SHOW. BEST MUSICAL OF THE YEAR. Evening Standard Drama Award '73.

LYRIC. 437 3686. Evenings 8.0. Fri. 5.30. Thurs., Sat. 5.00 and 8.30. JOHN, PAUL, GEORGE, RINGO . . . AND BERT. Evening Standard Award—BEST MUSICAL OF THE YEAR. Plays and Players Award—BEST MUSICAL OF THE YEAR.

MAY FAIR. 629 3036 and 493 2031. Evenings 8.15. Sat. 5.30 and 8.40. BILLIE WHITELAW, BARBARA FERRIS and DINSDALE LANDEN in ALPHABETICAL ORDER. "Michael Frayn's comedy is a delightful experience." Evening Standard.

MERMAID. 248 7656. Food 248 2835. Evgs. 8.00. Mat. Thur., Sat. 5.00. Bernard Shaw's THE DOCTOR'S DILEMMA. LAST 2 WEEKS. Opening June 19: THE MERRY WIVES OF WINDSOR. FULL DINNER, WINE AND BEST THEATRE SEAT FOR £4.95.

OLD VIC. THE NATIONAL THEATRE. (928 7616.) Tonight at 7.30. Tomorrow 2.15 & 7.30: Bernard Shaw's HEARTBREAK HOUSE. Friday 7.30, Saturday 2.15 & 7.30: NO MAN'S LAND. Monday & Tuesday at 7.30: HAPPY DAYS. Some seats held for sale day of performance from 10 a.m.

OPEN AIR. Regent's Park. 01-486 2431. New Auditorium opening delayed. THE TAMING OF THE SHREW plays Round House until July 5. A MIDSUMMER NIGHT'S DREAM opens here July 16.

OPEN SPACE. 580 4970. (Temp. m'ship) Nightly 8.0 (ex. Mon.) MEASURE FOR MEASURE. Shakespeare/Marowitz. "A fascinating exercise in textual tampering." Daily Telegraph.

PALACE. 437 6834. Mon.-Thurs. 8.00. Fri. and Sat. 6.00 and 8.40. JESUS CHRIST SUPERSTAR.

PALLADIUM. 437 7373. Evenings 7.30. Mats. Wed., Sat. 2.45. TOMMY STEELE IN LONDON'S MOST BEAUTIFUL MUSICAL HANS ANDERSEN. "SUMPTUOUS SPECTACLE." SPLENDID SONGS. IT'S WONDERFUL." Dly. Exp. SEATS AVAIL. THEATRE AND AGENTS.

PHOENIX. 01-836 8611. Last week. Evening 8.0. Sat. 5.30 & 8.30. MIRIAM KARLIN in DIARY OF A MADAME. ". . . UNFORGETTABLY TOUCHING, AS WELL AS FUNNY." D. Tel.

PHOENIX. 836 8611. Comm. June 10. Evenings 7.45. Sat. 5.45 & 8.45. GODSPELL. "IS MAGNIFICENT." Sunday Times. Special late night perf. Friday 10.45.

PICCADILLY. 437 4506. Evgs. 8. Sats. 5.30 and 8.30. Matinees Wed. at 3. JIMMY JEWEL, ALFRED MARKS in NEIL SIMON'S THE SUNSHINE BOYS. "Audience rocking in their chairs"—D. Express. "A laugh a minute." D. Tel. "Continuous laughter." E. Std.

PRINCE OF WALES. 930 8681. Evenings 8.00. Mats. Wed., Sat. 3.00. JAMES STEWART in HARVEY. "Heartwarming triumph." Ev. News. LIMITED SEASON ONLY.

QUEEN'S. 734 1166. Red. price Prevs. June 10, 11, 13, 16, 17 at 8.0, June 14 at 5.30 & 8.30. VINCENT PRICE, CORAL BROWNE, CHARLES GRAY in ARDELE. A Play by JEAN ANOUILH. First Night Wed. June 18 at 7.0.

RAYMOND REVUE BAR THEATRE. 734 1593. At 7 p.m., 9 p.m., 11 p.m. PAUL RAYMOND presents THE FESTIVAL OF EROTICA '75.

REGENT. 323 2707. Evenings 8.30. Fri., Sat. 7.00 and 9.15. 10th MONTH OF SENSATIONAL STAGE SHOW OF THE '70s. LET MY PEOPLE COME—An ADULT MUSICAL. "Never a dull moment." Evening News. 100 tickets held for sale at door.

ROUND HOUSE. 267 2564. Evgs. Mon.-Fri. at 8. Sat. 5 & 8.35. Mats. Wed. & Thurs. at 2.30. Jeremy Irons, Zoe Wanamaker. THE TAMING OF THE SHREW.

ROYAL COURT. 730 1745. JOE ORTON FESTIVAL. Evgs. 8. Sats. 5 & 8.30. JILL BENNETT, PHILIP STONE. LOOT.

SAVOY. 01-836 8888. Evenings 8.00. Sat. 5.00 and 8.15. "ALASTAIR SIM at his best." D. Tel. RON MOODY, DANDY NICHOLS. THE CLANDESTINE MARRIAGE. Directed by IAN McKELLEN.

SHAFTESBURY. 836 6596. Mon.-Fri. 8.0 (Mat. Friday 5.0. Reduced 75p-£1.50). Sat. 5.30 and 8.30. WEST SIDE STORY. "Bursting to life with undiminished theatrical excitement." S. Tel. "A definite winner. I strongly recommend it." F.T. "Miracle." Guardian. "Brilliant." S. Tel.

SHAW. 388 1394. Opens tonight 7.0. Subs. 7.30. Mat. Tu., Fri. 3.0. SUSAN HAMPSHIRE in AS YOU LIKE IT.

ST. MARTIN'S. 836 1443. Evenings 8.00. Mats. Tues. 2.45. Sats. 5.00 and 8.00. Agatha Christie's THE MOUSETRAP. World's longest-ever run. 23rd YEAR.

STRAND. 836 2660. Evenings 8.00. Mats. Thurs. 3.00. Sat. 5.30 and 8.30. DORIS HARE, LEO FRANKLYN, RICHARD CALDICOT, ANDREW SACHS. NO SEX PLEASE, WE'RE BRITISH. Directed by Allan Davis. LONDON'S LONGEST LAUGHTER HIT.

TALK OF THE TOWN. 01-734 5051. From 8.15 Dining and Dancing. At 9.30 Revue A TOUCH OF VENUS and at 11 p.m. DAILEY AND WAYNE.

VAUDEVILLE. 836 9988. Evenings 8.0. Mat. Tues. 3.00. Sats. 5.30 and 8.40. MILLICENT MARTIN, AMANDA BARRIE in ALAN AYCKBOURN'S ABSURD PERSON SINGULAR. Best Comedy of Year. E. Std. Awards '73.

VICTORIA PALACE. 834 1317. (No perfs. Monday). Tues., Fri. 8.0. Wed., Thurs., Sat. 6.0 & 8.45. MAX BYGRAVES in "SWINGALONGAMAX." New Song and Laughter Spectacular with Rogers and Starr, Bobby Crush, Denise Keene & Happy and Full Co.

WHITEHALL. 930 6692-7765. Evs. 8.30. Wed. & Sat. 6.15 and 8.45. PAUL RAYMOND presents THE CONFESSIONS OF A SEX STAR. SNATCH 69. FANTASTIC, HILARIOUS, EROTIC ENTERTAINMENT.

WIMBLEDON. 01-946 5211. ACTORS COMPANY SEASON. Opens June 9 at 7. Subs. 7.30. THE PHANTOM OF THE OPERA.

WINDMILL THEATRE. 437 6312. PAUL RAYMOND presents LET'S GET LAID featuring JOHN INMAN—"ARE YOU BEING SERVED?" Twice Nightly at 7.00 and 9.00.

WYNDHAM'S. 836 3028. Evenings at 8. Sat. 5 and 8.30. Mats. Wed. 3.00. "PAUL SCOFIELD as Prospero SHOULD NOT BE MISSED ON ANY ACCOUNT." B. A. YOUNG, Financial Times. (Limited Season) THE TEMPEST. Last Weeks. Must close July 12.

YOUNG VIC (by Old Vic). 928 6363. Tnt. 8 R & G ARE DEAD.

CINEMAS

ABC 1 & 2 SHAFTESBURY AVE. 836 8861. Sep. Perfs. ALL SEATS BKBLE. 1: THE GODFATHER PART II (X). Wk. & Sun. 2.45, 8.00. 2: MURDER ON THE ORIENT EXPRESS (A). Wk. & Sun. 2.30, 5.30, 8.30.

CASINO. 437 6877. MONTY PYTHON AND THE HOLY GRAIL (A). Progs. at 1.45, 3.20, 5.40, 8.05. Late Sat. 11.30.

CURZON, Curzon Street, W.1. 499 3737. Last day of STAVISKY (A) at 2.05, 4.10, 6.20, 8.35. Phone bkgs.

LEICESTER SQUARE THEATRE. 930 5252. See! Hear! Feel! TOMMY (AA). The film event of the Year. Sep. perfs. 1.20, 4.30, 8.00. Sun. 4.30, 8.00. Late show Fri. & Sat. 11.15. All seats bkble.

ODEON HAYMARKET (930 2738-2771). Warren Beatty, Julie Christie, Goldie Hawn in SHAMPOO (X). Sep. perfs. Wk. 1.15, 4.45, 8.15. Shampoo at 1.55, 5.30, 8.55. All seats bkble.

ODEON MARBLE ARCH (723 2011-2). Streisand & Caan FUNNY LADY (A). Sep. perfs. Wk. 2.45, 8.00. All seats bkble.

ODEON LEICESTER SQUARE (930 6111). PAPER TIGER (A). Cont. Progs. Wk. 2.00, 3.45, 6.00, 8.15.

ODEON ST. MARTIN'S LANE (836 0691-1811). Claude Lelouch's AND NOW MY LOVE (Toute Une Vie) (X). Sep. perfs. Wk. 1.00, 4.30, 8.00. Sun. 4.30, 8.30. All seats bkble.

PLAZA 1 & 2. Lower Regent St. All seats bookable. THE GODFATHER PART II (X). Daily including Sundays. PLAZA 1 Progs. 2.45, 7.30. PLAZA 2 Progs. 2.15, 7.15.

PRINCE CHARLES, Leic. Sq. 437 8181. The Sensation of London EMMANUELLE (X). Sep. Perfs. Daily (inc. Sun.) 2.45, 6.15, 9.00. Late Show 11.45 Fri. and Sat. Seats bookable. Licensed Bar.

SCENE 2, Leic. Sq. (Wardour St.) 439 4470. Cont. Perfs. Dly. from 12.30. Late Show 12.05 (inc. Sun.) YOUNG FRANKENSTEIN (AA). Progs. 12.30, 2.45, 5.0, 7.25, 9.45, 12.05.

CINEMAS ARE CONTINUED ON PAGE 6

Hampstead Theatre Club

The Death of a Black Man

by W. STEPHEN GILBERT

"If black men are suffering, what is happening to black women?" is the line one carries away, a wounded bird from Alfred Fagon's new three-hander. The first scene ominously suggests little more than a nouveau riche morals and manners comedy in black. But, in his loose and rambling way, Fagon moves gradually towards a difficult—because painful—exploration of West Indian identity in white capitalist society.

Sharkie, 18 and living well by importing African art and craft (from Yorkshire), has no illusions about the black's role. It is prostitution, economically and often sexually. The death of his father, a celebrated blues flautist who gigged in pubs, gives him no pause. It's just the death of a black man, another performing flea. Fagon takes time pulling his situation into focus; for most of the first act, all the boy *does* is assert and enthuse. Sharkie develops as his two visitors are fixed either side of him. Jackie is at first an ineffably male fantasy woman, with her constant talk of Sharkie, of the baby they had and of her sexual fear of him. She becomes a prisoner in the smooth Chelsea flat when Sharkie's pal Stumpie builds a fantasy of speaking to fellow blacks "with the drum of great mother Africa," of realising a pure black music. Excited, Sharkie must raise money to exploit this dream and Jackie is rich and middle class. And she has a body that can be sold.

Thus Fagon constructs his analogy. Jackie is the compromised black, swallowed whole by the white society of boarding school and social ritual and "honest work for the council." Stumpie, in his inchoate way, is the spirit of ethnic pride, cheated *—inevitably—by the refusal, to* the point of self-destruction, of the compromised to play ball. *And Sharkie is the on-going* black deal, the city fox, the scavenger grubbing a living by exploiting his racial role.

The play, though, doesn't come off the stage quite like that. Playing Jackie, Mona Hammond's grip on emotional truth is so secure that again and again one is brought up sharp by her delivery—the corrosive mocking of Sharkie's youth, the panic beneath the cynicism, the despair when she alone mourns the *old* musician in the face of the two lads' blankness and she weeps for their wickedness and the world's. That's why her cry for black women pierces the measured tread of Fagon's scheme and swings the emotion away from the exploration. She makes you feel the truth of Stumpie's line: "I'm not a person, I'm a character . . . I'm good, bad and indifferent." When she cries defiantly "there is nothing you two can do for black people that better men haven't tried to do before," she makes it a telling assessment of character within a character drama rather than a classic expression of political defeatism within a parabolic scheme. In comparison, Gregory Munroe's Sharkie—all gauche energy and petulance—and Anton Phillips's brooding and erupting Stumpie are stuck on a couple of notes but play out their symbolism with more clarity.

Roland Rees gives the play a handsome production. The never lived-in costumes by Frances Huggett and brown and white set by Bernard Culshaw create a limbo out of naturalism gone wrong. Fagon's writing lacks economy and variation in pitch and pace; and it really *needs* strokes of theatre. But it's an absorbing play as much for its revealing instability *in the breach as for what it tells* us about cultural alienation.

Empire Pool, Wembley

King Arthur on ice

by ANTONY THORNCROFT

The times are right for barmy ideas and there can be few dafter than Rick Wakeman's decision to perform his latest "concept" album about *King Arthur* on ice. The actual record is musically far-fetched, and watching a cast of hundreds strain away on a wooden island adrift amid the Wembley ice was pure Pythonesque.

Happily Rick Wakeman sends up the whole idea. He has always favoured a medieval image, his long yellow hair usually setting off the robes of an alchemist, and he plays his assorted keyboards with as much flamboyance as a Macbeth witch: a little pinch of piano here; a touch of organ there. Caught in the spotlights, surrounded by the English Chamber Choir, a massed string orchestra, the Nottingham Festival Vocal Group, and his own rock associates, he was the wizard conjuring up—what?

Well, nothing of any consequence. The music in *King Arthur* is an odd mixture of "B" movie soundtrack, plus rambling rock. The choir is called on occasionally to go "aah," and the Nottingham group contributes a mock madrigal. The weight of bodies even succeeds in drowning Wakeman's undoubted skills at the keyboards.

There are a few themes that have a facile attraction but the lyrics are abysmal and the relationship to the actual King Arthur, a rather rough Romano-British war lord, is quite non-existent.

The saving grace is the ice. The 50-minute work embroiders the more obvious Arthurian subjects like the Lady of the Lake, Sir Lancelot and the Black Knight, the Final Battle, etc., and fortunately most of the numbers are enlivened with real skaters. There is the compromising Guinevere skimming around the musicians; skaters, clutching mock horses, feinting and fooling around; and 14 self-conscious looking knights actually slog out the last battle with tin swords, skilfully taking planned pratfalls before arising at the end to salute Wakeman.

The interest in the skating was proportionally greater because of the facile nature of the music, but the whole evening had a disarming innocence. The applause at the end was too generous, and Wakeman has perhaps been over-indulged by his commercial success with Yes and as an independent; but as an extravaganza *King Arthur* is quite good fun, and a blessed relief from the seriousness of most progressive music.

Arts

Venus & Superkid

by DEBORAH PICKERING

The Unicorn Theatre's wild and wonderful happening at the Arts, described as a "rock musical for anyone over the age of eight, including teenagers and adults," is an ear-blasting recital of an ordinary family's encounter with super stardom.

Mrs. Jill Wright (from Willesden) delivers a spotlighted monologue, ruefully assessing her tied-to-the-sink status, examining her choice of Mr. Wright as Mr. Right, when—Pow!—she is offered the opportunity of entering the Dare Devil Supersphere and a chance to become "The Godmother."

Mr. Bob Wright, similarly entranced, discards his briefcase and homburg for the orange and black satin gear of Colonel Blood.

Their first-born twin, college student, Rick, heavily encumbered with rimless spectacles, text-books and pedanticism, emerges as an ivory and silver encased Superkid: his drop-out brother, Hughie, an *even nastier* piece of work as a black leather-covered wierdo, becomes the Freak.

Mr. and Mrs. Wright, or the Godmother and Colonel Blood (or Venus and Mars—the story is based on the Cupid and Psyche myth) meet in the Dare Devil Supersphere and produce instant progeny: Superkid being his mother's all-Willesden goody and the Freak the pride of his *blundering no-good dad.*

Susan Reynolds, alias Soulfriends, second year psychology student, whose thesis is on adventure comics and superpop, is in love with Rick/Superkid but unable to distinguish the Willesden coterie from their guise as a superstar family.

The Godmother thwarts an eventual romance between her baby boy and the "most beautiful girl in the world" and orders Superkid to destroy Susan and her dangerous thesis. There is a splendid mother/son routine with the song "Love me, love my mother" counterblasted by a diabolical Colonel Blood and Freak duet in which the audience is drawn into their divided aggressions.

On to the Agony Glade and the Red Hole of Bitter Dreams and a full family fight during which Superkid is blinded, gingerly descends a staircase singing: "Love is *blind.* Love *is* blind, love burns out of my *mind* . . ." It would be mean to divulge the conclusion of the predictable plot and students of Greek mythology will have got there before the end of the first rip-along half of the show.

There is a proliferation of Powie! Zam! Cripes! and Holy Moly! to intersperse the excellent, at times obscenely-simulated contortions of established pop idols, and the entire cast are in fine (pop) voice.

The story is written by Richard Crane (of the National Theatre) and the music by Milton Reame-James who appears throughout with his own three-man band.

Ten characters are played by five people and five microphones too many in a theatre which is an 'nth the size of opera houses a few hundred yards away, and the mostly adult audience emerged catatonic from the assault to their auditory senses. But the show is a bonanza for the Unicorn—an ambitious attempt which has proved a super success.

Binkie Shoebridge is the erstwhile Willesden housewife, Timothy Davies her fantasy Colonel Blood, William Relton the Superkid, Paul Dalton the hysterically, ambulatory Freak and Tamara Ustinov the reluctant Soulfriend/Psyche.

The kids will love every ear-splitting minute of it and so, I suspect, will their grandparents.

Mas in the Mall

Mas in the Mall will be a carnival of West Indian events centred on the ICA. It will include an exhibition in Gallery 1, reggae and steel band music, films, readings by black poets, and two plays, *Sweet Talk* by Michael Abbensetts (formerly seen at the Royal Court) and *Talkshop*, an extract from a full-length work by Thomas Baptiste.

The festival has been organised by the Drum Arts Centre, the Notting Hill Carnival Committee (whose 10th anniversary it celebrates) and the ICA.

Corinne McCarthy

James Aubrey, Jill Bennett, Arthur O'Sullivan and David Tr oughton in 'Loot,' which opened last night at the Royal Court

Television

The nice and the good

by ANTHONY CURTIS

The documentary, *Chastity, Poverty and Obedience* (BBC-1), "a study of three vows and how they are interpreted," took us *inside some convents in Britain.* One nun who was a university lecturer had a rather pleasant room, a Michelangelo print adorned the wall, books by Iris Murdoch and Simone de Beauvoir on the shelves. I managed to focus on the title of *The Second Sex* but the camera did not linger long enough for me to work out the other. Was it *The Nice and the Good?* That at any rate is the Murdochian phrase that has been haunting my mind in a week when television has been crossing many subtle moral frontiers.

Those, for instance, of the nuns: they appeared both nice and good, most of them. The niceness showed through instantly; the goodness by degrees. One or two engagingly dotty characters, and only one embarrassingly mawkish: "I often talk to Him, etc." This was a programme that first bombarded the viewer with a hail of disconnected impressions, jump-cutting from nun to nun, from chapel, to cloister, to refectory, to airport lounge, with a voice-over commentary. I was held by the opening shot of some novices taking their vows, abasing themselves full-length on the floor of the church while the priest intoned a blessing over them, and continued to be held as the producer Hugh Burnett rapidly ranged his cameras over the various phases of their lives and the duties they were set to perform.

One member of a Franciscan order revealed what a mixture of motives may govern every aspect of the dedicated life when she explained why she went barefoot everywhere. It was, she said, partly as a penance, partly for the order to save money, and partly "because it's rather fun." Another nun who was building a brick wall Churchill-fashion and not getting it very straight excused herself by saying: "I'm trying to think of the contemplative life at the same time." Until around half way it seemed as if the programme was going to rest content with such charmingly spontaneous comments but then a more tendentious tone was sounded with the appearance of a male psychiatrist from the outside world addressing a gathering of mothers superior.

As he began to lay down the law to them, their heads bowed in a polite silence, one or two making a play of scribbling a few notes, I began to pray that he would soon be faded out and the earlier style resumed. But this prayer was not granted, and he was shown in a series of interviews with the religious, probing the reasons for their decision to lead the nun's life, adducing all kinds of unworthy motives, self-pity, sexual failure and so on. It was as if he was trying to dent marble with a pea-shooter; the cruder the questioning became, the more smilingly resilient were the answers. One drop-out nun who had left her order after 25 years, and one postulant who still had to commit herself fully, showed finally that this kind of certainty may seem deceptively easily won.

Someone who seemed to possess it by nature was not any kind of nun, but a young English nurse called Liz Thomas who was rightly made the subject of a whole programme on *Inside Story* (BBC-2) where she was introduced by Richard West. He had heard about her work in the course of reporting on the Vietnam war and was, he said, rather afraid of what he might meet, only to be totally disarmed by a pretty young woman who wanted a gin and tonic. As she told her story, her initial regrets at leaving behind the security of family and the taste of mum's fruitcake, we were shown a few choice specimens from the catalogue of disease, disability, addiction and degradation with which she so cheerfully copes.

Her "house" in the midst of the junky slums of Saigon where few Europeans dare to go has become a refuge for girls whose own families have been living on their earnings from prostitution. The floor of this shack becomes at night an overcrowded dormitory with Liz sleeping in the middle of it. Sometimes she has to get up and park herself in the doorway to bar the way against threatening boyfriends and brothers. This was one of three programmes. *The Way the War Ended* (BBC-1) and *The End of the Ho Chi Minh Trail* (BBC-2) which have given seasoned Vietnam correspondents like West, Julian Pettifer and Olivier Todd, the chance to sum up those sickening 21 years.

We have recently been shown plenty of examples of how trigger-happy large areas of America itself has become with the proliferation of fire-arms possessed by private individuals, and in Thursday's *Man Alive* (BBC-2) we saw how one of them fatally went off and led to a criminal prosecution for murder. For once, for educational purposes, the cameras were permitted to penetrate the court-room in the state of Kentucky to film the whole trial from the challenge of the jurors by the lawyers (ten were dismissed first time) to the verdict. Compared with our own counsel in their wigs and robes these seemed all too brisk and businesslike. They remained seated while cross-examining the witnesses.

A man had shot a girl dead in his bedroom after a party. He claimed he thought she was an intruder. As the body was discovered by the police lying beside his bed with bloodstains all over the pillow it was a claim that failed to stand up to the merciless battering of the prosecuting attorney, who rammed home his points with a piece of chalk on a blackboard. I thought the man was extremely lucky to get off with only three years in prison. A more doubtful case would have been more illuminating.

It takes nowadays a considerable effort of imagination to penetrate below the level of moral extremes like murder and self-sacrifice to a primitive consciousness where such ideas barely exist. David Attenborough's new series *The Tribal Eye* which got off to a most promising start with *Behind the Masks* (BBC-2) will make the task much easier. The Dogon people of Mali who inhabit a bare region 100 miles south of Timbuktu are a living relic of tribal magic.

They also possess a wonderful natural gift for woodcarving and sculpture. This is all done by the sacred figure of the blacksmith (Wagnerians please note) who hails from a long dynastic succession of those who belong to his high caste. We watched the deft chisel of one member of it chipping away at pieces of holy wood to fashion the spirits of the bush, afterwards hidden away from profane eyes in the house of the priest, and making the masks worn by the men of the tribe and the boys after their initiation in which they perform an interminable and very noisy propitiatory dance. I felt that this was not some phony show put on twice daily for tourists with their ciné-cameras, but the real thing, part of a 60-year cycle, with a procession of forms neither nice nor good but sanctified and frightening. Some of them may be seen at an exhibition which has been put on in conjunction with the series at the Museum of Mankind in Burlington Gardens.

A totem pole of the Kwakiutl tribe ('The Tribal Eye'—BBC 2)

Festival Hall

Utah Symphony Orchestra

The orchestra from Salt Lake City, familiar for many years from a large and admirably adventurous series of records, has been touring in England; on *Monday, in the Festival Hall,* the sixth and final concert found the playing, under the baton of the orchestra's long-standing director Maurice Abravanel, sadly lacklustre and dull, wanting almost all of the enthusiasm and energetic presence that had made some of those records treasurable.

The programme might just have sat comfortably on a well-oiled virtuoso American *orchestra under a crack con*ductor, but proved heavy going in the present circumstances. Copland's *Billy the Kid* Suite, the opener and a preliminary birthday salute (the composer is 75 in November), disclosed here enough of rhetorical rib-nudging to make even the most devoted Copland admirer unhappy—but then in a performance so heavy on its toes, finding so little light dancing fun in the syncopations and shifting bar-lengths, with so small a resource of tonal shading, no wonder the bright primary colours in their brashly cut geometric patterns came up somewhat shopsoiled.

Vaughan Williams' Eighth Symphony, on its heels, and suffering from much the same awkwardnesses in the shaping of those eternal pentatonic phrases, felt implacably protracted (but perhaps someone as out of sympathy as I am with most of this composer's music should recuse himself from comment). To complete the programme, Brahms' First Symphony — one plain-speaking symphony following another. Mr. Abravanel's avoidance of elegant address forced out one or two points of interest in the performance — Brahms, unlike VW, can take a much wider range of presentation; but the tone of the first oboe, intrusive before, became unloveable to the point where one dreaded his next entrance. At the risk of barbarous incivility, this must be pronounced a musically unhappy occasion.

MAX LOPPERT

Battersea Park

The Royal Ballet

There, amid the greenery of Battersea Park and the pop-corn cartons, lashed by gales that make the South Bank more like the Ice Hell of Pitz Palu, the Royal Ballet's big top stands.

Vast and dark blue (perhaps from the cold) but with a jolly ambience, the tent makes a relaxed but not entirely improbable setting for *Swan Lake.* The stage is wider than at Covent Garden, but considerably shallower; the sets inevitably look rather make-shift, but there was nothing make-shift about the company playing on Monday to *inaugurate a season* which — thanks to the stage staff at the Coliseum — is bringing ballet at popular prices to what we hope will be a new audience. With a top price of £3.00, the Royal Ballet, led by Makarova and Dowell in *Swan Lake,* is a tremendous bargain. Casting was from strength: a cracking pas de trois and waltz in Act 1, fine divertissements in Act 3, and albeit there was inevitably some adjusting of dancing to a new stage, the performance was fine.

And superlative the partnership of Makarova and Dowell, two artists who plainly inspire each other to the most serious and beautiful exposition of their roles. Dowell's sensitivity of acting in the first act, the preparation of the young Prince for the cataclysmic meeting at the lake-side, is magnificently judged, as is the development of his obsession for the Swan Queen. With Makarova, Odette lives. Her first appearance presents us with a creature both mysterious and pathetic. The unparalleled lyricism of her dancing, the phrases of movement that curl and beat round the central crisis of the character, are the outward signs of an inner dramatic conviction that acquires an almost moral force. The body speaks with a total communicative power so remarkable that we, like Siegfried, *must* believe.

There is nothing obvious, nothing mechanical in this dancing: it seems to transcend the superb physical instrument to show us a deeply felt and marvellously understood tragedy. As Odile, Makarova becomes imperious, beguiling, terrifying in her menace, and Dowell's obsessed Siegfried has no hope of escape from her. The return to the lake-side in Act 4 finds Makarova drained of every emotion save resignation, and Dowell haunted by remorse.

Their joint performance, *despite some technical unease* due to an unfamiliar stage, was never less than compelling. And the company, troupers all, rose to the occasion: it is part of the Royal Ballet's excellence that fresh from triumphs in Japan, they can adapt themselves so well to life under canvas. The orchestra—the Touring ensemble—will, however, have to learn to rise to the occasion as well as do the dancers.

CLEMENT CRISP

Opening of the new National Gallery extension

The new Northern Extension of the National Gallery opens to the public on June 10 with an exhibition of Renaissance art entitled *The Rival of Nature.*

For the first time at the National Gallery, paintings will be complemented by examples of allied arts—sculptures, ceramics, graphics, medals, metalwork, furniture and tapestry. Various British public collections are lending exhibits, including the Victoria and Albert Museum and the British Museum. Private lenders include the Trustees of the Chatsworth Settlement.

WORLD TRADE NEWS

Univac increases share of European computer sales

BY CHRISTOPHER LORENZ

SPERRY UNIVAC was the major beneficiary, and Honeywell and ICL the main losers, of a substantial shift of shares on the European computer market in the two years to last December. This is one of the conclusions of an ambitious 300-page statistical report on European data processing which is about to be published.*

Univac's share of the general purpose computer market, in terms of the value of installations, rose from 6.2 per cent. to about 7 per cent. between 1972 and the end of 1974, according to IDC Europa, an independent research organisation. In contrast Honeywell's fell from 10 to about 9.5 per cent; and ICL's from approximately 9 to about 7.5 per cent. IBM's stagnated at around 57 per cent.

Univac achieved its rapid surge by adding about $500m. to the value of its European installations, according to the report, almost exactly the same as Honeywell, which had begun the period with an installed base which was 60 per cent. more valuable than Univac's; by the end of 1974 it was only 36 per cent. more valuable. ICL added about $240m. to its base.

Although, like every computer market survey, the IDC Europa study contained figures which will prove controversial with some of the manufacturers, it is particularly valuable in outlining the "net" increase in each company's installed base.

The study takes account of the sort of "upgrading", which involves a customer replacing his existing installation with a newer or larger one from the same manufacturer; since 65 per cent. of the computers outside the U.S. are on rent or lease, the future flow of incomes from them is crucial to most manufacturers' prospects. A company with soaring turnover may be in a relatively weak position if it is not gaining new customers as well as replacing its existing installations.

European market shares, December 1974 (per cent. of total value).	
IBM	55.5-60.4
Honeywell	8.0-11.0
Unidata	7.4- 8.7
ICL	6.8- 8.0
Univac	6.8- 7.2
CDC	3.2- 3.9
Burroughs	2.5- 2.7
NCR	1.5- 1.6
Others	2.0- 3.5
Value of installed base $18.05bn.	

IDC Europa has excluded the following types of equipment from its "general purpose" classification: visible record and minicomputers; dedicated process, communications and scientific systems; data preparation systems; and—most important—"obsolete models with effective zero market value."

It is this last exclusion which partly explains ICL's falling share; the launch of its "new range" of computers was delayed until last autumn, and some of its existing installations were deemed by IDC to have "zero market value."

ICL also suffered from the fact that the U.K. market, its main European base, grew less fast than the rest of Europe. In the U.K. its market share fell from 35 to about 31.5 per cent. by value, according to the report, while IBM's rose from just under 39 to about 41.5 per cent. (the report gives all 1974 figures in a range). European shares are shown in the table.

The strong position of Digital Equipment Corporation (DEC) on the minicomputer market is illustrated by a table giving it 35 per cent. of the 25,285 installations in Europe; European manufacturers have 32 per cent., a much better position than in the market for small, medium and large machines, in which they hold only 18 per cent., according to IDC Europa.

● A computer-based reservation system is to be supplied by Sperry Univac in the U.S. to Aeroflot, the Soviet airline. The $10m. contract includes a 1106/2 multi-processor and special software developed by Air France under a sub-contract from Sperry Univac.

* European EDP Market Dimensions, published by IDC Europea, 140-146, Camden Street, London NW1 9PF (price £240).

Bangladesh asks for $1bn. aid

BY OUR ASIA CORRESPONDENT

BANGLADESH will meet the rich nations of the world to-day in Paris and ask for more than $1bn. in aid in the next financial year. Most observers think the meeting will go well and Bangladesh may get as much as $1.4bn. in commitments from the donors.

Most members of the Bangladesh aid consortium have been impressed that, after three years of pressure, the country has finally devalued the taka and is trying to put together an economic package which will get the economy on a better footing.

The International Monetary Fund and Bangladesh are already working on a package, under which the fund would allow the country to draw two more tranches of stand-by credit, about $75m. At the moment Bangladesh's foreign currency reserves are quite high, more than $200m.

R-R has French pact extended

By Michael Donne

A TEN-YEAR extension of the agreement between Rolls-Royce (1971) and Turbomeca of France, covering co-operation on the Adour engine programme, was signed at the Paris Air Show yesterday.

The agreement, originally signed in June, 1965, led to the formation of the joint company, Rolls-Royce Turbomeca, to develop and build the Adour jet engine for the Jaguar supersonic strike-trainer aircraft.

To date, more than 600 production Adour engines have been delivered, and in addition to the Jaguar the engine powers the Japanese T-2 fighter-trainer and the new Hawker Siddeley Hawk trainer and ground attack aircraft.

Total commitments so far call for the production of over 700 aircraft using the Adour—424 Jaguars, 127 T-2s and 175 Hawks. Developments of the Adour engine now planned will ensure that the engine remains competitive through the 1970s and 1980s.

It was also announced from the Paris Air Show yesterday by De Havilland Aircraft of Canada that it had sold another two of its "Dash 7" quiet short take-off and landing (STOL) airliners, to Greenlandair, for delivery early in 1978.

Other Paris Air Show contracts: British Aircraft Corporation's Electronic and Space Systems Division has won a £465,000 contract to supply 11 Skylark research rockets to West Germany for use by universities, space research and other scientific groups.

Singer of the U.S. has won a $13.7m. contract for two weapons-systems trainers for the U.S. Navy's F-14A Tomcat fighter programme.

Lockheed-Georgia Company has won a $24.3m. contract from the U.S. Air Force to begin work on stretching the C-141 Starlifter jet transport to increase its cargo-capacity by one-third.

W. German-Comecon trade 'near peak'

BY GUY HAWTIN

FRANKFURT, June 3.

WEST GERMANY'S Overseas Traders' Federation, the Bundesverband Des Deutschen Gross- und Aussenhandels, believes that trade with Eastern Europe is near its peak. The organisation's annual report says that "the borders of expansion" have nearly been reached.

This conclusion has been reached despite last year's 42 per cent. increase in trade between the Federal Republic and Comecon. In 1974, turnover totalled DM30.3bn. (£5.45bn.) and for the first time rivalled trade with the U.S. which reached DM31.3bn. (£5.63bn.).

The Federation's report, presented by the president, Herr Fritz Dietz, said although there had been a high growth rate recently, it believed the future held in store import restrictions, trade moratoriums and stand-still agreements on export expansion.

The root of the problem was that the East European nations would soon reach the limit of what they could buy with foreign currency earnings.

East European nations have been trying to build up an alternative, and for them more attractive, form of trade—industrial co-operation. The Federation, however, pours cold water on this. Co-operation, it feels, will not prove sufficient to restore the balance, it says.

In a generally depressing report, the Federation says it can see little to indicate an improvement in the economic climate. Trade turnover was in real terms declining and the rate of fall was increasing.

Herr Dietz said that turnover in the sector in the final quarter of 1974 had risen by a nominal 6 per cent. but, in real terms, had declined by 8 per cent. The average for the first quarter of the current year showed a 2 per cent. nominal growth and a 12 per cent. real decline.

In March, there had been a deterioration of 8 per cent. nominal and 15 per cent. in real terms, said Herr Dietz. The situation improved slightly in April with a nominal 4 per cent. decline and a real fall-off of 11 per cent.

The upwards trend in overseas trade prices had slowed, however. From November, 1974, to April, this year, the rate had fallen from 15.9 per cent. to 8.2 per cent.

Herr Dietz, who refused to make any economic forecasts for the industry, said that in 1974 the Federation's membership totalled 110,000 companies employing some 1.2m. workers. Combined turnover of the members rose by DM.51m. or a nominal 13 per cent. to DM.404bn.

But the previous year's expansion had in real terms changed to a decline. In 1973 nominal growth had totalled 15.6 per cent. while real growth reached 7 per cent. In 1974 the nominal increase was, in fact, a 2 per cent. fall.

One piece of bright news, however, appeared on the West German trade scene to-day. The Federal Economics Ministry in Bonn announced that trade with the Arab countries in the first quarter of 1975 nearly doubled, while imports fell about a quarter.

West German exports totalled DM.2.5bn. compared with DM.1.3bn. in the same period of last year. Imports over the same period totalled DM.3.2bn. compared with DM.4.3bn. in first three months of 1974.

SOVIET TRADE WITH THE WEST

America loses out

BY PETER ZENTNER

THE SOVIET UNION has diverted business contracts worth $1bn. from the U.S. to other Western countries during 1975, according to Mr. Vladimir Alkhimov, Soviet Deputy Minister of Trade. This was reported to a recent East-West trade conference in New York by Mr. Harold C. Scott, President of the U.S.-USSR Trade and Economic Council, who added that Mr. Alkhimov had promised to send a detailed breakdown of the lost orders. This loss of business, it is claimed, flows directly from the Soviet repudiation in January of their earlier trade agreement signed with President Nixon.

The repudiation was the Russians' response to the Jackson amendment linking the granting of Most Favoured Nation treatment and U.S. Government long-term credits to the Russians with the Jewish emigration question.

This setback to U.S.-Soviet trade relations follows a period of exceptional economic exchanges between the two countries. Although U.S. exports in 1974 dropped to $961.4m. from the record 1973 figure of $1.4bn., Mr. Scott claimed that business already in the pipeline would send the 1975 total over the $1bn. mark once again. Nevertheless, it is clear from Mr. Scott's words and those of senior representatives of U.S. industry and banking, that the Soviet act put a serious brake on future U.S. dealings with the Soviet Union. It also looks as if the U.S. has been the overall loser in the whole affair. It has lost a large slice of Soviet business, while the Russians never stood to gain much from MFN except for the political boost. MFN would not, for instance, have solved the problem of their marketing competence. And as for credits, the Russians have already found other sources.

In 1974, the Soviet Union was the U.S. Export-Import Bank's second largest credit customer, but has opened up other sources since. During 1975 it concluded agreements with other Western countries including the U.K. and Japan for no less than $9bn., and is currently picking up another billion dollars from Canada.

> U.S. industry fears that it can only compete successfully for Soviet orders with technology unobtainable elsewhere.

Thus the Soviet Union has reoriented its Western trade, and U.S. industry fears that it can compete successfully for Soviet orders only with technology unobtainable elsewhere. U.S. companies are also advised to do business with the Russians by way of British or French subsidiaries if this enables them to take advantage of competitive Government credits available there.

U.S. Government spokesmen such as Arthur T. Downey, Deputy Assistant Secretary for East-West Trade in the Department of Commerce, are anxious to "depoliticise" the question, expressing the hope that "Congress will reassess the link between trade and emigration."

The whole question is due for another airing with Romania's application for MFN status and subsidised credits. At first it looked as if Romania's good record on Jewish emigration would ensure her a smooth passage. But with Congressional revelations that her policies have tightened up in the last year or two, a repeat of the Soviet episode is possible. Whichever way the case goes, it will give a useful pointer to Congressional attitudes.

These are currently rather obscure. On the one hand, credits mean exports and therefore jobs. It has been estimated that each $100m. credit could be equivalent to 60,000 jobs which, in a country with unemployment around 9 per cent., is not an unimportant factor.

There is also the feeling that if the Soviet Union needs technology for energy and raw material development, which it unquestionably does, it should be made to pay for it, especially as the explosion of world prices in recent years has greatly improved Soviet terms of trade.

THE FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscriptions $190.94 (air freight) $381.88 (air mail) per annum. Second class postage paid at New York, N.Y.

AMERICAN NEWS

Chile ultimatum to U.K. on rescheduling of debts

BY HUGH O'SHAUGHNESSY

CHILE HAS issued an ultimatum on the debts owed by it to Britain this year. At a Press conference last week, Admiral Patricio Carajal, the Foreign Minister of the Junta, warned that unless Britain accepted the terms arranged by other creditors of Chile at talks last month in Paris on debts maturing this year. Britain could expect no payment at all.

At the beginning of last month, creditors owed more than 80 per cent. of Chile's debts maturing this year agreed informally to reschedule repayments over the next 10 years.

Creditors would be paid 10 per cent. of sums outstanding in 1975 in each of the years 1976, 1977 and 1978, while the remaining 70 per cent. would be repaid in 14 six-monthly payments over the following seven years.

This compares with last year's rescheduling terms, under which Chile was committed to repaying 20 per cent. of its debts in the first three years and the 80 per cent. balance over the subsequent seven years.

Britain, which is owed around £14m. by Chile this year, was not represented at last month's Paris meeting.

Chilean diplomatic sources claimed yesterday that under the terms of arrangement with its other creditors Chile was precluded from offering Britain terms any more favourable than those arrived at with them.

Yesterday, the Foreign and Commonwealth Office declined to comment on the Admiral's remarks pending further study of them.

The decision of the Chilean junta, which was not unexpected in the light of earlier statements to the same effect by Adm. Carvajal's predecessor in the Chilean Foreign Ministry, Adm. Ismael Huerta, is bound to revive debate about policy towards Chile within the Labour Party.

Next week in the Commons, Mr. Stanley Newens (Lab., Harlow) has tabled a question to the Chancellor of the Exchequer on the subject of British policy on the debt.

Yesterday, Mr. Newens commented that British pressure on the junta had been instrumental in securing some greater measure of observance of human rights in Chile. He declared himself against any financial concessions to the junta at this stage.

In an answer to a Parliamentary question in February, Mr. Peter Shore, Trade Minister, revealed that the Export Credits Guarantee Department had been instructed to limit its cover to those British exports to Chile being paid for within six months of shipment.

Meanwhile, the ECGD is understood to have paid out the first claims to British exporters who have failed to receive monies due to them from Chile in January. By so doing, the British government has accepted the responsibility of recovering from Chile the sums reneged on.

U.S. recession 'bottoms out' as stockpiles drop, orders rise

BY GUY DE JONQUIERES

WASHINGTON, June 3.

FRESH evidence that the U.S. economy has now reached the bottom of the recession is provided by Government statistics showing a steep drop in manufacturers' stocks and a sharp *increase in new manufacturing* orders during April.

The fall in stocks, the second consecutive monthly decline after a long build-up, was $1.15bn. or 0.8 per cent. This is the largest percentage drop since May, 1958, when the U.S. economy was preparing to move out of a recession, and is the first time since mid-1971 that stocks have fallen for two consecutive months.

The increase in factory orders, amounting to $4.71bn. or 6.4 per cent., was also exceptionally strong—the biggest in fact, for any month since December, 1954, when the American economy was already recovering from a recession.

The strongest component of this increase was in orders for new durable goods—electrical machinery, cars, parts and primary metals—which rose 9.7 per cent. Non-durable orders rose by 3.3 per cent. after falling by 1.9 per cent. in March.

Taken together with the latest batch of leading economic indicators, which rose by a record 4.2 per cent. in April, these figures have been greeted with obvious satisfaction by President Ford's senior economic advisors.

Mr. Alan Greenspan, chairman of the President's Council of Economic Advisors, said yesterday that the outlook for the next six months was "not pessimistic at all." He added that real economic growth could be stronger *than the 6.5 per cent. projected* for 1976 in the Administration's latest forecast, which also predicted a deeper than expected downturn for this year.

A somewhat contrary opinion is revealed, however, in the quarterly survey of 50 leading economic forecasters just published by the American Statistical Association and the National Bureau of Economic Research. This found a strong consensus that the economy will start turning up in the third quarter, but warned that the recovery, at least until the middle of next year, is likely to be "relatively slow."

The speed and strength with which economic growth gets under way continues to be a subject of major uncertainty in many quarters. Despite the recently improved economic statistics, there is a growing belief that the expected upturn may prove cautious and that stock liquidation still has some way to go.

It is pointed out that stock levels remain unusually high in relation to sales in several key basic industries, such as steel, chemicals and non-ferrous metals, where manufacturers have successfully resisted until now pressures to cut their prices. Some independent economists are now suggesting that a price break may become inevitable later this year and that the manufacturers will have to begin liquidating stocks in the fourth quarter.

The continuing weakness in the steel industry is underlined by the report that output last week fell for the ninth consecutive week and is now at its lowest level since the start of 1972. One of the second-tier steel companies, Jones and Laughlin, has announced that it has been forced to close down temporarily its entire Pittsburgh production plant.

The depressing state of the motor and housing industries also leaves a question-mark over the speed of the general recovery. While a sharp rise in construction permits recently suggests that housing may start picking up soon, there has been no sign so far of any improvement in car sales.

A further element of uncertainty has been generated by the possibility that the OPEC nations may try to raise oil prices in the later part of this year. While this has been the subject of considerable discussion in diplomatic circles in Washington, its probable impact on the expected U.E. economic recovery does not appear to have been taken into account so far either by Government economists or by the stock market.

Governor pushes NY aid plan

BY JAY PALMER

NEW YORK, June 3.

GOVERNOR CAREY, well aware of New York City's imminent cash shortage, is pushing hard to get a quick acceptance for his recently announced rescue plan. Tentative legislation to create a special new State agency to aid the city was shown to legislative leaders last night while the four-man team, who came up with the idea, are to-day in Washington to brief Federal officials.

Precise details of the new agency, probably to be called the "Municipal Assistance Corporation," are being kept secret for fear that premature publicity would force New York City Mayor Beame to veto the idea. One potentially serious snag centres on the Mayor's declared stand against the agency assuming any of City Hall's present fiscal and budgetary powers.

At a Press conference last night, Governor Carey made it clear that the agency would be dominated by State appointees. At the same time, the Governor revealed that the authority of the agency was being left vague enough for it to be able to come to the rescue of other financially ailing cities in the future.

Although the Governor refused to confirm specific plans, it is being widely assumed that the new agency will buy up the city's debilitating short-term debt and replace these borrowings with its own long-term bonds.

For obvious reasons, this plan demands the active co-operation of the city's bankers who have, on previous occasions, refused to lend any more funds.

The city's cash-flow problems are fast becoming acute. Last week only a last-minute cash advance from the State prevented New York from being unable to pay its debt and by the end of this week its cash shortage is expected to exceed $90m. In the middle of next week, on June 11, the deficit will reach nearly $1bn. when city borrowings reach maturity.

However fast the new agency *is created, it seems certain* that nothing can be done in time to avert the shortage occurring at the end of this week.

Several alternative, temporary solutions are currently being discussed including the possibility of further State aid and formal requests asking city creditors to roll over their loans for a brief period.

The precise degree of involvement in city finances by the new agency has apparently not yet been finalised. Two schools of thought exist—one content with the agency merely setting maximum borrowing and spending limits and the second demanding further involvement to prevent the city from finding loopholes in the restrictions.

Meanwhile, the second prong of the city's financial problems—Mayor Beame's drastic city economies to solve the coming year's budget deficit—continue to attract attention.

Union leaders are still protesting the planned job cuts while evidence is increasing that the lay-offs will hit recently employed minorities such as Blacks and women the hardest.

Politics, too, is entering the picture, with the City Budget Bureau, which is currently preparing a list of schools, parks, libraries and fire stations to be closed, admitting that "a special effort is being made" to make voters in certain districts aware of their elected representatives' opposition to the new budget.

This strategy, which has yet to be put into effect, seems to reflect concretely the mayor's publicly expressed anger at the city's seven Republican Senators who came out earlier against the State giving any aid.

● Reuter adds: A group of unions, led by the firefighters, yesterday pulled nearly $14m. out of the First National City Bank and charged it with failing to help the city.

Several major banks here, particularly First National, the largest New York bank, have been criticised for refusing to buy $280m. worth of city bonds offered last month.

Argentina to get 'action plan'

By Robert Lindley

BUENOS AIRES, June 3.

CELESTINO Rodrigo, sworn in yesterday as the third economy minister since the Peronists resumed power two years ago, has announced an "action plan" which will emphasise a crack-down on speculators.

The new minister promised measures, "however daring they may be," to combat not only speculators but the huge fiscal debt and the declining productivity which, he said, is the cause of the current shortages and the black market.

New York Fed steps up exchange intervention

NEW YORK, June 3.

THE FEDERAL Reserve Bank of New York's regular quarterly report shows that it has adopted a more aggressive intervention policy, foreign exchange sources said.

The report showed that the New York Fed sold $793.2m. of foreign currencies in support operations and also repaid $445.7m. of swap indebntedness through market purchases. This level of intervention by the Fed represents a new era of more aggressive support action, effectively ending the period of benign neglect of the dollar.

The report said that the New York Fed started intervening actively on February 3, following an agreement over intervention approach concluded between the Fed, the Bundesbank and the Swiss National Bank the previous day.

The Fed sold a total of $139.4m. of D-marks, Swiss and Belgian francs on February 3 and 4, and between then and the end of February sold $580.5m. of currencies as the dollar continued under pressure. The pressure slackened during March, and probably because of its more aggressive intervention stance, the Fed was only forced to sell $2.1m. of guilders on March 25 following the assassination of King Faisal of Saudi Arabia.

The Fed said that as the dollar steadied towards the end of the reportign period it was able to repay $445.7m. of its swap indebtedness, including $269.6m. to the Bundesbank and $159.4m. to the Swiss National Bank.

The sources said that the fact the Fed was prepared to move into the market in this way indicatde the U.S. authorities, despite the widely held view that the dollar remains undervalued, were prepared to take advantage of prevailing currency levels during that period.

Reuter

CUBAN-U.S. RELATIONS

Out of the freeze

BY HUGH O'SHAUGHNESSY, LATIN AMERICA CORRESPONDENT

THE RELEASE by the Cuban government this week of three U.S. hijackers and rumours that other U.S. citizens held in Cuba may soon be set free takes further the series of nods and winks that Havana and Washington have been exchanging for many months now. The freeze that kept the U.S. and Cuba in attitudes of overt hostility since President Eisenhower broke relations with Havana and President Kennedy gave the green light for the Bay of Pigs invasion in 1961 is melting.

On his visit to London last month to sign a very big credit agrement with Britain, Dr. Carlo Rafael Rodriguez, the First Deputy Prime Minister of Cuba and the man immediately behind Fidel Castro in the Cuban order of precedence, went out of his way to emphasise the degree of the thaw. The U.S., he said, had given three particular indications of wanting to make it up with Cuba; Dr. Henry Kissinger, the U.S. Secretary of State, during his speech on March 1 about Latin America at Houston and during a television interview had softened the Administration line, and State Department attitudes in the Organisation of American States' debate on the lifting of the hemispheric boycott of Cuba also had become more flexible.

Senators

The visits of U.S. Senators such as Mr. George McGovern last month and Mr. Edward Kennedy later this summer, Dr. Rodriguez added, were of importance, and the 1976 U.S. presidential elections could hardly fail to produce even more flexibility in the U.S. position.

For his part, Dr. Rodriguez took the opportunity to do some *signalling of his own. In a* statement which is already having repercussions in Latin America, he said that Cuba was not now supporting armed conflict in any country of the hemisphere. The objective conditions for armed revolution were certainly present in many countries of the region but, he said, "subjective conditions were not yet present." Being interpreted, that means that he feels that living conditions for the mass of the people in Latin America are such as to favour armed revolution, but that there are not enough people willing and able to carry plans through.

Cuba, he added, favoured the policy of exhausting peaceful means to promote social change, and to that end was supporting Governments or individuals within governments who supported progressive and anti-imperialist policies. This, *according to him, was a perfectly* viable policy with countries such as Mexico, Venezuela, and Peru. In a rider which has caused no little heartburn to the extreme Left in Chile he called for a broad front to include not just the Left but also the Christian Democrats.

"There has to be an agreement not just with the Left wing of the Christian Democratic Party, but with the whole of the Christian Democratic Party, including ex-President Eduardo Frei, not of course in order to put back into power a Government led by Frei, but in order to overturn the military junta." Those Left wingers who have regarded the Chilean Christian Democrats in general and ex-President Frei in particular as intellectual co-authors of the bloody coup d'etat of September, 1973, have found Dr. Rodriguez's attitude hard to take. They have made unkind references to the period in the 1940s when, following the Cuban Communist Party's tactic of the day, he accepted a Cabinet position under General Fulgenio Batista, and have represented the latest Cuban pronouncement as tantamount to urging the rape victim to get back into bed with the rapist. *Whatever the feelings of the* Chilean combative Left, it is clear that Cuba could hardly have gone farther in signifying that it is not now supporting the export of revolution—or at least the export of armed revolution.

By signalling that, Cuba has to some extent smoothed the way to a rapprochement with Washington. Such a rapprochement could be helped by the present deliberations within the OAS. It is not without its significance that the consensus that the OAS will soon abolish the remaining tatters of the sanctions policy is so great, that Dr. Raul Sapena Pastor, the Right wing Paraguayan Foreign Minister, who aspired to the OAS Secretary-Generalship, announced his retirement from the contest lest victory oblige him one day to preside over the formalisation of detente with the Government he most dislikes in the world.

There remains the question of claims for property taken over by the Cuban revolutionary Government in the first years of the Castro Government. U.S. citizens have filed no fewer than 8,816 individual claims to a total value of $3,346,406,271.36. These claims include $267.6m. from the Cuban Electric Company, now part of Boise Cascade, $130.7m. from those old Latin American hands ITT, and $108.9m. from a sugar complex headed by North American Sugar Industries. The $3.3bn. claim is greater in value than claims lodged by U.S. citizens against expropriators in the Soviet Union and all the other Eastern European countries combined, and is a measure of the enormous assets that the U.S. owned in what was regarded as Uncle Sam's Other Island.

But as the conservative Washington journal, Inter-American Economic Affairs remarked in 1973, "the prospects of compensation for the holders of Cuban awards are indeed dim." Cuban assets blocked in the U.S. amount to just over $60m. of which only $2.5m. belonged to the Cuban Government. The question of U.S. assets sequestered in Cuba is not seen as an insuperable obstacle to Cuban-U.S. rapprochement if the political will exists for it in Washington and Havana.

Orders

It is evident that this political will is developing. On the U.S. side the departure of Mr. Nixon and his close Cuban associates such as Mr. Bebe Rebozo from the White House has removed an element of intense personal hatred from the U.S.-Cuban equation. In addition U.S. companies are increasingly conscious that they are losing big orders from a Cuba which is ever more able and willing to make large purchases of sophisticated capital goods. The sight of Cubans advertising their desires to buy $1bn. worth of goods from Britain and similar amounts from France and Spain in the next five years revives commercial appetites which already played their part in the formulation in the 1820s of the "hands off the hemisphere" Monroe doctrine. Lastly the increasing unwillingness of Latin American governments to support the OAS blockade has brought home to the State Department that it is defending a bastion which is becoming increasingly indefensible.

On the Cuban side, the consolidation and institutionalisation of the Communist administration in Cuba — which is about to be celebrated at the end of this year in the first congress of the Cuban Communist Party — has given Cuba's Communist leaders the self assurance to go into a period of detente.

This self-assurance is moreover backed by the recent high sugar prices and the copper-bottoming given to the economy by Soviet economic support and Cuba's membership of Comecon. The importance of Cuba in Comecon was underlined last week when for the first time ever one of the Comecon high-level meetings took place in Havana.

Not least among the forces working for a U.S.-Cuban thaw is the desire of both Washington and Moscow to develop detente. On the Cuban side there is a realistic acknowledgment that, whatever may have been the public gestures of defiance of the blockade, the Cuban economy has suffered much from being cut off from those companies in the U.S. which had traditionally supplied much of the equipment on which the island had depended for its day-to-day life. A new relationship with the U.S. should help to ease some of the bottlenecks from which the Cuban economy has suffered for more than a decade.

EUROPEAN NEWS

Portugal's conservatives threaten to quit

BY JANE BERGEROL LISBON, June 3.

IN A FIRST aggressive stand against the Armed Forces Movement, Portugal's small conservative party, the CDS (Centre Democratic Social party), is threatening to withdraw its dozen deputies from the Constituent Assembly unless a leading party member is either released from prison or charges are brought against him.

CDS national executive member Rui Pena was arrested at *night in his house by Maoists*, interrogated and later handed over to Copcon military security forces along with other prisoners of the Maoist MRPP.

From the RALIS, Left-wing Lisbon Light Artillery Regiment barracks, he was transferred to Caxias Prison. That was a fortnight ago and no charge has yet been brought against him.

The CDS have told the Supreme Revolutionary Council that unless charges are brought against him —*in which case, if they stick and* he is implicated in a Right-wing coup, he will be expelled from the party—he must be released. Otherwise the CDS Deputies will withdraw from the Constituent Assembly.

In some ways, the issue is a heaven-sent opportunity for the party to re-emerge into the legitimate limelight, following its necessarily low profile election campaign.

Meanwhile, the Popular Democratic Party is itself holding the centre of the political stage today following a lengthy interview of its new 75-year-old leader in the Communist-dominated morn*ing newspaper O Seculo*.

Dr. Emidio Guerreiro has thrown his party into disarray and instead of proving the "safe" interim secretary-general they were seeking, during the prolonged illness of Dr. S. A. Carneiro, is proving a mischief-maker and trying to swing the PDP further Left and possibly into a tactical alliance with the Communists.

Socialists are already talking of a temporary embarrassment caused by Guerreiro's tactics of by-passing them and ending up to their Left.

For a start, they point out, the 26 per cent. of PDP voters were *not plumping for a party left of* the main Socialists, and if the PDP adopt such a strategy they will lose their grass roots support in the next elections.

Undeterred, Dr. Guerreiro today spoke of social democracy "as a form of government, while Socialism is a form of society. The way in which one passes from a bourgeois capitalist society to socialist society, in PDP terms is via social democracy."

By *implication*, Dr. Guerreiro was placing the PDP distinctly beyond the bounds of other West European Social Democratic parties. He also criticised *Sweden and said bluntly*: "I think the march to socialism has stopped there."

Party officials are commenting uneasily on the septuagenarian's possible harmful effects on party followers. Meanwhile, with him as party leader, if the Socialists renew their withdrawal threat from the coalition—as it seems they may be forced to do unless the Revolutionary Council follows up its promises of last week with action—the PDP would most *probably refrain from following* Dr. Soares out of the coalition. Instead, they would remain and fight to enlarge their influence and national image.

Import surcharges listed

LISBON, June 3.

PORTUGAL HAS listed an extensive range of imports on *which surcharges of up to 30 per* cent. will be imposed until the end of the year.

The closely-typed 16-page list covered virtually all imports, including most raw materials and consumer goods but not oil, although petroleum by-products are included. The list ranges from *communion wafers* and false beards to cars.

The Government announced the surcharges on Sunday *night, without giving full details*, in an effort to stem the drain on gold and foreign currency reserves. The restrictions, the severest since the military took power last year, will hit ordinary workers hard and the Government has appealed for "temporary sacrifices."

Surcharges will be imposed on foodstuffs such as meat, eggs, cheese, yeast, mustard, salt, margarine and most fruit. Children's foods, chocolates, *corn flakes and biscuits*, spirits, scents, tobacco, matches and clothes have also been hit.

The list includes chemicals, metals, timber, building materials, glass, and textiles, radio, record-players, tape-recorders, motor-cycles, watches, spectacles, vacuum cleaners, washing machines, cooking stoves and all other electro-domestic appliances. Other imports named include false beards, harpsichords, lavatory paper, Christmas decorations, whips, sewing needles, bells, roller skates, ping-pong tables, amber, ivory coral and sickles—but not hammers.

Portugal gave advance notice of the curbs to the EEC, EFTA, and the OECD. It gave as its reason a Esc.16,500m. (about *£275m.) balance of payments* deficit in 1974.

On the economic import restrictions imposed yesterday, economic observers feel the long list—now published in full in the official Gazette Diario do Governo—may be added to and some industrial sources were to-day suggesting the government is looking at restrictions on car *assembly plant activities in order* to save foreign exchange.

Some civil servants are reportedly arguing that much of the import bill comes from imports of parts for the car assembly industry—all destined for the local market—and that, in a period of total austerity, such *as forecast by the Prime Minister*, it would not be a bad thing to limit car assembly plant output and with it imports of semi-finished materials.

The car assembly industry employs around 100,000 workers, however, which could add substantially and gravely to current *unemployed, standing at roughly* 10 per cent. of the labour force, or about 300,000.

Reuter

New national paper for France

BY GILES MERRITT PARIS, June 3.

FRANCE may get a new national daily newspaper by the autumn or winter of this year. It will be a serious, independent morning paper likely to rival the financially troubled Le Figaro.

To be launched by the *Express group, which publishes* the weekly news magazine l'Express, the newspaper will initially run to between 16 and 24 pages daily with an expected circulation of about 120,000. The morning paper is still very much on the drawing board, the object of a number of feasibility and production studies, but it is nevertheless likely to begin taking shape as a project within a month. The management of the Express group, announcing *the new venture to the* magazine's staff last night, stressed that a go-ahead decision could be taken as soon as the first weeks in July.

News of the Express group's plans have finally put an end here to reports that M. Jeans-Jacques Servan-Schreiber, founder and owner of the successful news magazine, would buy financial control of Le Figaro from its octogenarial proprietor M. Jean Prouvost. No doubt the fact that Le Figaro is now reportedly losing £500,000 *annually weighed heavily in M.* Servan-Schreiber's decision to employ instead spare editorial capacity from his magazine.

The announcement contrasts markedly with the other two outstanding developments in the French press to-day.

Journalists at the country's largest circulation newspaper, the Paris-based France-soir, to-day went into the second day of a 48-hour strike called yesterday afternoon against the *appointment of a new editor and* the sacking of his predecessor. No editions of the evening paper appeared to-day and none are expected to-morrow, but the more serious situation still appears to be that of France-soir's morning equivalent, the popular, wide-circulation Parisien Libéré.

Last week, the Parisien Libéré dispute triggered a general 24-hour printers' strike aimed at all national dailies as the print unions sought to prevent the newspaper's management from producing "clandestine" copies *in Belgium and trucking them* into France. The general strike call was intended to persuade other newspaper managements to pressure the Parisien Libéré into suspending its Belgian operation.

The move apparently failed, but the news to-day that all but one of the Belgian printing houses concerned have given in to international union demands and cease production could well mean that as France gains one *morning newspaper, it loses* another. In spite of its 1.6m. readership, putting it number two in circulation stakes here, Le Parisien Libéré's financial straits have forced it to draw up the major cost-cutting redundancies plan now responsible for the printing dispute.

Irish link with £ may continue

BY DOMINICK J. COYLE DUBLIN, June 3.

THE TRADITIONAL basis for the link between the Irish pound and sterling is likely to remain for some time to come, according to a special inter-departmental report prepared by civil servants for the Dublin Government on the economic consequences for Ireland of a U.K. withdrawal from the EEC.

The report of an eight-man committee, *representing the* departments of Finance, Foreign Affairs, Industry and Commerce and Agriculture is not being published, but it concludes that a reversion to third-country status for Britain—in the event of a withdrawal from the Community—would constitute the most adverse situation for this country.

The alternatives for Britain examined in the report are quantified in terms of their possible effects on the Irish economy. These are the execution of a formal trade arrangement between the U.K. and the EEC, which, in effect, would create a free trade area between them, and a temporary freezing of the trading situation *obtaining at the time of any* withdrawal.

Ministers here remain confident that Thursday's vote will produce a significant "yes" in favour of continued British membership, but the conclusion of the inter-departmental committee that the present link with sterling should be maintained, whatever the U.K. decision, may surprise many people here, particularly in view of the recent demands in both political and academic circles for a break in the parity.

The report notes that roughly half of Irish foreign trade continues to be with the U.K., though its importance relative to total foreign trade (particularly on the export side) had recently fallen.

The medium term economic *consequences for Irish* agriculture of the third country status for the U.K., assuming that Britain reverted to a cheap food policy with protection for U.K. producers where necessary, are estimated to amount to annual losses on farm exports of up to £37.5m. in the fifth year after withdrawal.

Investment from the U.K. would also decline—the inter-departmental committee suggests by roughly one quarter—but *such a shortfall would be made* up through increased direct investment by other countries "because of this country's advantages over the U.K. for *serving the EEC market*."

The report also seeks to quantify the consequences for the Irish economy were this country to follow any British decision to quit Europe. However, it does indicate a number of important areas, including agriculture, industry and the special nature of cross-border trade within Ireland itself, where Dublin would be seeking special arrangements from the Community in the event of a British withdrawal.

GERMANY AND FOREIGN INVESTORS

A fight among bankers

BY GUY HAWTIN, FRANKFURT CORRESPONDENT

CONNOISSEURS of business politics have been treated to a rare spectacle in Germany during recent months—a protractual verbal slogging match between the nation's two top commercial bankers. The grounds for disagreement is *Stimmrechtsbeschraenkung*, or, less succinctly in English, the limitation of shareholders' voting rights. Limitation has during the past year become the adopted policy of a number of leading West *German concerns*, including such giants as the Deutsche Bank, Mannesmann (tubes and engineering) and BASF (chemicals). Though proposals have *differed from company to company*, the basic pattern remains the same: shareholders are restricted in the shareholders' meeting to voting rights equivalent to no more than 5 per cent. of the total equity, irrespective of the actual size of the individual's holding.

The leading proponent of limitation is Herr Franz Heinrich Ulrich, whose title is "spokesman" for the Executive Board of the Deutsche Bank, making him *primus inter pares* in the Board room. Ranged against him is Herr Juergen Ponto, the equally-formidable chief executive of the Dresdner *Bank, second only in size to* the Deutsche Bank among West Germany's commercial banks.

According to the advocates of *Stimmrechtsbeschränkung* the avowed aim is to prevent economically and technologically strategic West German concerns being unduly influenced, or even dominated from abroad. With so many oil dollars about, observers can surely be excused for assuming the target to be the oil countries in general, and Arab oil countries *in particular*. Proponents of limitation tend to dismiss these claims as distortions. They agree that, if adopted, the measure would certainly affect Arab investments, but point out that it also affects other foreign investors. They also claim that there is nothing new about the idea, since its introduction was advocated in the 1960s to meet the challenge of American investment.

One reason for the German sensitivity to foreign investment is the comparative vulnerability of many West German concerns to takeover. There is a complex web of *cross-holdings with large* blocks of shares in major concerns held not only by the banks but by other private concerns, such as the Quandt or Flick family interests or the Flick group.

Middle East interest in investing in West Germany became *apparent* last year. Iran's acquisition of a 25.04 per cent. holding in Krupp Huettenwerke, the steel-making company of the Krupp concern, last July excited great interest though little antagonism. Indeed, Herr Ulrich of the Deutsche Bank pointed out that the deal made considerable sense. It was the acquisition of a 14 per cent. interest in Daimler-Benz by the Government of Kuwait that sparked the present controversy. The deal, closed in *November*, was put together in great secrecy by Herr Ponto's Dresdner Bank. It involved the sale of the Quandt family's stake in the motor concern and the tranche had been on the market for about two years before the Kuwaitis showed an interest.

None of the enthusiasm shown for Iran-Krupp deal was in evidence in Bonn when the Daimler sale was announced. The Government was irritated by the secrecy with which the deal was arranged. Questions of a banker's relations with its clients apart, it is, however, hard *to see how the Dresdner* Bank could have arranged the deal without maintaining a mantle of secrecy. Herr Ulrich—whose bank itself holds more than a quarter of Daimler Benz — attacked immediately, condemning the action of the Dresdner Bank. Herr Ponto stressed that the investment was purely a financial one and that there was to be no Middle East influence on the management. The Bonn Government stated that it had no intention of *seeking powers to* veto company decisions but added that it should be fully informed about transactions involving an inflow of foreign capital.

Franz Heinrich Ulrich

The next development was an announcement that the Deutsche Bank had paid some DM.2bn. (about £370m. at current rates) *for* a 29 per cent. stake in Daimler-Benz from the Flick family to prevent it falling into foreign hands. Another 10 per cent. or so remained with Flick. It was by far West Germany's largest share deal since the war, and gave the bank a majority interest in the motor concern. Later, news came from Iran that the foreign hands had been those of the Shah.

Then, early this year, Herr Ulrich announced that the Deutsche Bank supervisory and executive boards were to propose a limitation of voting rights in their own company to the Annual *Meeting*. In this he was preceded by Mannesmann and closely followed by BASF. The Deutsche Bank AGM in Hamburg just over a week ago agreed, *albeit in the face of stiff opposition*, to curtail voting rights for individual shareholders to no more than 5 per cent. of total equity.

Herr Ulrich pointed out to the Financial Times that it was not a move he would recommend for any more than a limited number economically and technologically strategic companies, such as the Deutsche Bank. The question was something of an academic one at present for his shareholders, he said, as no single holding exceeded 3 per cent., and most were very much smaller. However, it was vital to preserve the independent character of the bank. Throughout its history, it had always enjoyed the independence that resulted from having no large individual shareholders.

Explaining the thinking behind the bank's Daimler-Benz acquisition he said it was one of the "special cases" where foreign political influence could not only be embarrassing but detrimental to German interests. The Deutsche Bank was not anti-Arab —it had maintained this policy *for many years. Foreign Governments*, including Arab ones, were well aware of the dangers involved in strategic industries falling into foreign hands.

In certain circumstances, Herr Ulrich said, he would not be opposed to foreign participation even in "special case" concerns —for instance where the *German* concern received reciprocal rights to participate in key sectors of the purchasing country's industry (as, arguably, happened in the Krupp case).

Opponents of limitation attack it on many grounds, not least that of inefficiency. Even Dr. Matthias Seefelder, Chief Executive of BASF, a supporter of the cause, admits that there is little that can be done to prevent individuals working in concert. This, of course, means that there is hardly any defence against a foreign Government determined enough to work through nominees. This view is supported by BASF's competitor, Hoechst, which has no plans to limit voting rights.

Limiting voting rights, by fragmenting the vote in shareholders' meetings will strengthen the already strong position of executive Boards in the view of the opponents of the idea. "It will give them jobs *for life* provided they don't fall out among each other," one foreign banker said. More moderate opponents say that this would be true only *in the case of already* powerful executives who in any case have little problem with shareholders or the supervisory boards on which they are represented. Where there is a shareholder in a majority or near-majority position, he is in any case not going to vote to curtail his rights.

Perhaps the most cogent, and unemotional, case against the limitation of voting rights is put by Herr Ponto. His strongest argument has been purely economic. *Limiting shareholders'* rights is going to make it harder to find venture capital, with which West Germany is not in any case, provided to excess. For years, Herr Ponto says German industry has been excessively attached to self-financing. The present is a critical time for German industry, and increased capital investment is the only way to combat the detrimental effects of repeated up-valuation of the D-mark on the country's international competitiveness.

German industry, Herr Ponto argues, is in no position to fund all its investment requirements. Foreign investment in the Federal Republic is required if the vitally needed capital projects are to be fulfilled. *Stimmrechtsbeschränkung* will discourage foreign capital and, therefore should, itself, be discouraged.

Glowing tribute to Italy's Atlantic role by Ford

BY ROBERT GRAHAM ROME, June 3.

PRESIDENT FORD to-day paid *glowing tribute to Italy's role in* the Atlantic alliance and to the special ties that bound Italy and America. This affirmation of America's support for and friendship with Italy was the keynote of the U.S. President's brief ten-hour visit here.

President Ford flew in this morning from Salzburg after his series of meetings with Egyptian President Sadat. Exceptional security measures were in force, *but, unlike U.S. Secretary of* State Dr. Henry Kissinger's visit here last autumn — or that of former President Nixon in 1968 — there were no violent incidents.

Compared with the rest of his European tour, President Ford's discussions here touched on no *contentious issues. After first* meeting with President Leone and then lunching with members of the government, President Ford then held talks with the Prime Minister, Sig. Aldo Moro.

The main theme of the discussions was to emphasise both countries' commitment to the *Atlantic alliance. President* Leone, in his welcoming speech, underlined the importance Italy attached to the results of the Nato Summit in Brussels last week. President Ford, in reply, repeated his pledge to give America's full support to Europe.

The talks by all accounts were very relaxed and clearly the Italians are pleased that President *Ford should have chosen* to end his European tour here. With the opening of the Suez Canal, the unresolved Arab-Israeli conflict and the still early moves to settle outstanding problems between Greece and Turkey, Italy feels especially exposed in the alliance.

On the purely domestic level, the propaganda value of President Ford's visit is unlikely to be missed by the Christian Democrat-dominated Centre-Left coalition. Almost certainly it will be exploited in the regional election run-up as proof of America's continued support for a *government without the Communists*.

The Americans themselves have scarcely concealed their continued opposition of the Communists coming into the government, even though the Communist Party official policy is against pulling Italy out of Nato.

Only recently a senior Communist Senator, Giorgio Napolitano, was refused a visa for a lecture tour in the U.S. *According to Sig. Napolitano this visa* was refused by Dr. Kissinger himself.

For President Ford, the main benefit he is likely to have gained from his visit here is the kudos with Catholic and Italian ethnic voters back home of having met the Pope. The Pope *received him late this afternoon* in a private audience.

Communist experts attack 'economic miracle'

BY ANTHONY ROBINSON ROME, June 3.

THE ITALIAN Communist Party's top economic specialists, Sig. Luciano Barca and Sig. *Eugenio Peggio, to-day replied* to Bank of Italy Governor, Guido Carli's claim that Italy has now returned to balance in its external payments. They said that Italy's latest "economic miracle" had been achieved by a massive and unequal increase in the tax burden of the lower-paid and was a fragile recovery destined to be broken once reflationary policies start to bite.

Speaking at a Press conference to analyse the bank's *annual report*, Sig. Barca claimed that the experience of the last two years represented a major opportunity lost. The Communist Party and the major unions had realised the need for a major effort to re-adjust the economy in the light of the oil crisis in addition to Italy's accumulated structural problems and had expressed their willingness to accept sacrifices in the name of major structural reforms.

Instead, wage and salary earners had been saddled with Lire4,000bn. worth of extra taxes, public utility tariff increases, and higher social security contributions. They had seen their disposable income drop by 2.6 per cent. only to arrive in a blind corner with all the structural weaknesses intact, with investment, and hence future competitiveness, severely reduced, unemployment sharply *higher and official policy pinning* all on the hope of a recovery of exports in the wake of a revival in world trade.

Sig. Barca said he recognised that monetary and credit policy was now orientated in an expansionary fashion but claimed that once again it was the major financial and economic groups who would benefit, while small and medium-sized companies were unable to afford high interest rates and other obstacles.

Linking the party's economic critique to the present political campaign for the regional and local elections, Sig. Barca said that the Communist Party's economic recipe included on the one hand severe controls on the illegal export of capital and on the other the creation of a new kind of socially productive investment demand emerging from a revitalised role for the local authorities — particularly in public housing which covers less than five per cent. of total housing needs

Denmark to keep option on the F-16

By Hilary Barnes

COPENHAGEN, June 3.

THE SOCIAL Democratic Government intends to stick to its decision to buy the American F-16 fighter interceptor aircraft in spite of a last-minute cut price offer yesterday for Sweden's Viggen Eurofighter, said Mr. Anker Joergensen, the Prime Minister, here to-day.

But members of the Social Democratic Parliamentary group are requesting that the ***deal should be looked at once*** **again. The Swedish offer undercuts the price tag of the F-16 and therefore changes the basis on which the group decided to approve the government's choice of the U.S. plane, said group member Ole Espersen.**

Denmark has opted for the F-16 on condition that its NATO allies, Belgium, Norway and Holland also agree to buy this aircraft. The deadline for the four nations to sign a letter of intent to purchase with the American company General Dynamics, is June 16. The Danish government hopes to receive final Parliamentary authorisation for the deal on Friday.

Decision by Belgium due soon

THE HAGUE, June 3.

BELGIAN Prime Minister Leo Tindemans said here to-day his Cabinet hoped to take a decision later to-day on whether to choose the F-16 or the French Mirage F-1 as a ***successor to its ageing*** **U.S. Starfighters.**

Mr. Tindemans, speaking at a Press conference after two days of talks with Dutch leaders on European union, said Belgium wanted to take a quick decision at to-night's Cabinet meeting or, if not then, at its meeting on Friday.

He added that he would hear a report at the meeting to-night from his Defence Minister, Mr. Paul Vanden Boeynants, who returned to Brussels earlier to-day after negotiations in Washington with U.S. Defence Secretary James Schlesinger on the pos***sible Belgian purchase of the*** **F-16.**

Mr. Tindemans emphasised that the Belgian Cabinet had still not decided which of the ***rival planes to choose.*** **"No decision has been taken . . . we were waiting for the return of Mr. Vanden Boeynants," he said.**

Belgium, Holland, Denmark and Norway have formed a consortium to buy a common replacement fighter. Belgium holds the key to the joint deal since its three other Nato partners have come out in favour of the F-16.

Reuter.

ILO REPORTS ON DISCRIMINATION

GENEVA, June 3.

WOMEN suffer discrimination in job opportunities as well as in pay and general working conditions, according to reports published by the International Labour Organisation (ILO). To correct the situation, the ILO is pressing for the adoption of a series of guidelines at its annual *assembly starting on June 4*.

DUTCH INDUSTRIAL DEVELOPMENT

Artificial island could provide 30,000 jobs

BY MICHAEL VAN OS THE HAGUE, June 3.

A STUDY into the feasibility of establishing an "industry island" in the North Sea, which has taken about two years to complete, says that such a project is indeed feasible on all counts.

The extremely detailed report has selected a location 40 miles west *of Hook of Holland—outside* Dutch territorial waters but on the continental shelf—as the most suitable site for the 12,750-acre artificial island. It would cost around Fls.6bn., taking future price rises into consideration, and take seven or eight years to complete.

The report, *published in* Vlaardingen to-day, has been prepared by a Dutch company called Hydronamic for the so-called North Sea Island Group *in which 28 almost exclusively* Dutch companies co-operate.

As far as the realisation of the project is concerned, all hopes are now pinned on the Dutch Government. Very recently, an inter-departmental commission began work on an evaluation of the plans under the chairmanship of Mr. Barend Biesheuvel, the previous Dutch Premier. Members of the Island Group therefore put much significance on the fact that the Dutch water*ways and traffic authorities had* agreed to allow one of its boats to moor on the proposed area in the North Sea on the day of the presentation of the feasibility study. A Press visit included a helicopter flight over the area.

Companies

The companies include well-known names such as Shell, Philips, Amro Bank, Van Ommeren, Paktank, as well as Bos Kalis Westminster, whose idea the island was, and P. & O., Nya Asfalt (Axel Johnson group) and Pechiney Ugine Kuhlmann.

The group has rejected the suggestion that the present economic downturn has made the North Sea island proposition less attractive. The report points out that the Rotterdam area is becoming saturated as far as industrial expansion is concerned, and is *earmarked for* more industrial activities once the economy recovers again. When the Rhine-Danube connection is opened shortly for push barges the hinterland will be extended deep into Russia. The geographically privileged position of the region would stimulate the demand for high-grade industrial sites. The report also points out that there are no new industrial sites available in Holland and indicates the growing *public opposition in the Rotterdam* region towards further industrialisation there.

Unemployment

With unemployment very high in Holland (running at about 5 per cent.), particularly in the building industry, it is not surprising that the group is stressing the employment aspects of the project. Besides the considerable volume of work that goes into the island's construction, it is estimated that eventually as many as 30,000 people *could find jobs there. Working* on a shift basis, staff would be flown in by helicopters which meant that workers could be recruited from the nearby unemployment areas such as Brabant province.

The group also points to the considerable sums of money the *Dutch Government has allocated* for measures to stimulate the building industry in general. An industry island could be the site of any investments that were not desirable on land; for example, for safety or environmental reasons. The Dutch Gasunie gas distribution company could build its planned liquefaction facilities there while the construction at a future date of a nuclear power station is not ruled out.

هكذا من الأصل

Syria gives Iraq Euphrates water

DAMASCUS, June 3.

ʏRIA to-day announced it ɔuld provide Iraq with the ıter it needed from the ɪphrates river and expressed e hope this would lead shortly a permanent agreement.

A Government statement said ria would provide the waters ɔm its share in light of Iraqi eds and "regardless of the ɪitude taken by the Iraqi gime." It credited Saudi abian mediation with helping bring about the decision.

Relations between the two al Ba'athist regimes deterior-d when Iraq charged last rch that Syria was hoarding river's waters behind a dam ng built in northern Syria h Soviet aid. Iraq alleged ıt by withholding the river ters, Syria threatened the elihood of 3.5m. Iraqis living the river basin. At one point, q threatened force against ria. The Euphrates originates in Turkey and flows through Syria and Iraq to the Gulf.

Iraq complained to the Arab League over the allegations, and a technical committee was formed to study the issue. But Syria withdrew and the committee's efforts were stalled. Following Saudi mediation, talks were held with Syria and Iraq in Riyadh, and settlement was reached on May 1, the Saudi Press agency reported.

The decision was announced following a flurry of high-level diplomatic activity yesterday. Syrian Deputy Premier and Foreign Minister Abdel-Halim Khaddam flew to Riyadh with a message from President Hafez Al-Assad to King Khalid, and Saudi Oil Minister Sheikh Ahmed Zaki Yamani also paid a flying visit to Baghdad where he met President Ahmed Hassan Al-Bakr.

Reuter

Beirut clashes may cost economy up to £200m.

BY IHSAN HIJAZI

BEIRUT, June 3.

LIFE begins to return to ·mal here, businessmen—local l foreign—have been trying to ssess the loss to the economy a result of the recent crisis. ılthough it is premature to e accurate estimates, certain ɪness sources said the cost the economy as a result of unrest may be as high as illion Lebanese pounds (about 0m.). This is in addition to half a billion Lebanese ınds lost during last month's ɪurbances arising from clashes ween Palestinian guerillas l right-wing members of the ılangist Party.

ıut the foreign business com-nity, far from panicking, has ɪded to stay on in Beirut pite everything. Foreign ɪness sources pointed out they e nowhere else to go in the ıb world. Beirut, they lained, will have to continue to be their Middle East centre of operations.

Work at big business centres, especially banks, was in full swing to-day for the first time in almost two weeks, with their staff going through piles of backlog of paper work and cable and telex transfers running into millions of dollars. More than 50 ships laden with goods for Lebanon and for transit to the Gulf States are waiting at the port for unloading.

Meanwhile, security forces have begun to establish buffer zones between areas in the capital's suburbs where commandos and phalangists are present to ensure that clashes between them would not recur.

Politicians speak more optimistically about formation of a new Cabinet. Premier - designate Rachid Karami met President Suleiman Franjieh again to-day.

Libya atomic centre 'poses no threat'

BY RICHARD JOHNS

E Soviet Union's agreement ı Libya on the construction ın atomic centre including a W reactor, is not regarded in stern diplomatic circles as ng a serious threat that ɔnel Muammer Khedaffi will ɪin the nuclear bomb which so much desires.

he report by ARNA, the ɪial Libyan news agency, phasised that the centre ıld be for peaceful purposes y. Beyond that, it is pointed that the Soviet Union is not y a signatory to the nuclear ı-proliferation treaty but in ctice has also shown a uine concern that the spread nuclear weapons globally ıld be limited and would ly the accepted international guards.

owever, the deal announced on Monday—coming hard on the heels of Moscow's conclusion of a large weapons deal with Col. Khedaffi's Government—is obviously designed to consolidate the Russian position in Libya still further and also may have been calculated to rub more salt in the wound inflicted on Egypt by the provision of sophisticated weapons to its neighbour.

Nevertheless, Colonel Khedaffi may see the provision of the atomic centre as Libya's first step towards becoming a nuclear power. Recently, it was revealed that Libya had reached an accord with Argentina covering co-operation on the development of atomic power for "peaceful" purposes. His Government has also had talks with India about the possible construction of a nuclear or atomic plant in Libya.

Whitlam quells revolt

CANBERRA, June 3.

ɪTRALIAN Prime Minister gh Whitlam to-day quelled a atened revolt by Deputy ıe Minister Jim Cairns over ɔspective Cabinet reshuffle.

won majority support for policy at a meeting of the ɪamentary Labour Party ɪded by 90 of its 94 members ıe House of Representatives Senate.

little more than 12 hours er, Dr. Cairns, who is also surer (Finance Minister), ɪcly attacked Mr. Whitlam's to reshuffle his 27-man ɪet and appoint Defence ɪter Lance Barnard to an eas diplomatic post. Mr. ɪrd resigned from Parlia-late last night.

day's meeting voted, after ɔallots, to appoint Mr. Joe ɪan, a 45-year-old back-ɪer and one of Mr. ɪam's strongest supporters, ll Mr. Barnard's Cabinet-cy.

Cairns attacked Mr. ɪrd's intention to resign and ɪeshuffle plans in a fiery ɪent, and was reported to have threatened to also leave Parliament if he was removed as Treasurer.

But he backed down during to-day's meeting after seeing evidence of majority support for Mr. Whitlam.

A party spokesman reported that Dr. Cairns, who flew back hurriedly from Paris last weekend in an attempt to stop any Cabinet changes, had dropped his opposition to Mr. Whitlam.

Under the Australian Labour Party's system, Members of Parliament meeting in a group known as the caucus elect the men who will fill Cabinet posts, while the Prime Minister decides their portfolios.

The party spokesman said Dr. Cairns admitted to-day he had been asked by Mr. Whitlam to give up the Treasury.

Political observers said it seemed likely Mr. Whitlam would replace Dr. Cairns as Treasurer later this week, probably appointing in his place Social Security Minister, Bill Hayden.

Reuter.

Korean criticises Japan

PETER DUMINY

TOKYO, June 3.

N HAS in recent times let South Korea by "failure cognise the necessity for mic co-operation," Mr. Park Kyu, principal policy sman of South Korea's Democratic Republican said in Tokyo to-day.

h investment and trade been disappointing, Mr. said, complaining that ɪese investors are fair er friends, while Korean ts to Japan have been ɪred by official and other ctions, to which they are ularly susceptible.

Park said the only support Korea requires from Japan post-Indo China situation is economic. However, Tokyo had lost its "sense of urgency and direction" about the Korean question, government was lacking in consensus, discussions were bogged down in extraneous details, and "nothing could be done until after the Parliamentary session."

He was apparently referring to vigorous Socialist-Communist criticism of Japan's dealings with the present South Korean government in the Japanese Parliament, which has led Mr. Miki's Cabinet to defer even a decision to resume routine Ministerial meetings between the two countries after a break of more than a year.

Discount rate may be cut

TOKYO, June 3.

ɪIAL Japanese banking s said the Bank of Japan ly to cut its official discount y 0.5 per cent. to 8 per n June 6. This would be a l reduction of the rate this ollowing the 0.5 per cent. 8.5 per cent. in mid-April. ɔre that the rate had stayed per cent. since December.

sources said the new cut will probably be necessary on June 6 because Bank of Japan Governor Teiichiro Morinaga may have to attend the IMF Interim Committee meeting in Paris next week.

Finance Minister Masayoshi Ohira, who planned to attend the meeting, may be detained by the current Japanese Diet session, they said.

Reuter

AFTER THE FORD-SADAT SUMMIT

A squeeze on Israel

BY ALAIN CASS IN SALZBURG

THE FIRST THING to be said about the Salzburg Summit of the U.S. and Egyptian Presidents, Dr. Henry Kissinger's protestations notwithstanding, is that it was designed to exert pressure on Israel. The pressure was subtle and oblique, but it was real. It also went some way towards defining the outline of the eventual results of the U.S. reassessment of its Middle East policy.

It would be difficult for President Ford, faced with strident support in Congress for Israel and a presidential election next year, to be too explicit about this, at any rate not until after he meets Mr. Itzhak Rabin, the Israeli Prime Minister, in Washington later this month and listens to what he has to say. But the message was clear enough. There has, as one high Egyptian official carefully phrased it, been "the beginning of a change" in U.S. policy. America's historic, open-ended and unquestioning support of Israel is being redefined and, the Egyptians feel, in their favour. President Ford's emphasis on a solution based on Security Council Resolution 242—which calls for the return of occupied Arab territory — the stress placed upon the fact that the level of U.S. aid to the Middle East will not be determined until after the reassessment is complete (which means delaying delivery of arms to Israel), and the very fact, of course, that Mr. Ford chose to see President Sadat before Mr. Rabin cannot have been interpreted in any other way.

These facts appear to have been grasped by the Israelis who chose to time the expected announcement of a unilateral withdrawal of some of their forces along the Suez Canal for maximum effect. The Egyptians have firmly stressed that the withdrawal, and the passage of Israeli non-strategic cargo through the canal, do no more than clinch the first disengagement agreement. It remains to be seen whether Mr. Rabin's Government can get any more than temporary relief from this astute move.

What America's final objectives are likely to be cannot yet be judged with any degree of certainty, partly because they are likely to shape up in response to the level of pressure which both sides can bring to bear in the Administration and Mr. Ford will not be able to judge this fully for some time yet. But the Egyptians, at any rate, are going back to Cairo convinced that the enormous political risks which Mr. Sadat has been taking since the Arab summit in Rabat last October by appearing conciliatory and which have got him into such trouble with Syria and the Palestinians (the most significant of which remains the opening of the Suez Canal) are appreciated in Washington and that, if he can, Mr. Ford will see to it that they meet with a suitable response. "Our pre-emptive peace strike looks as if it is going to pay off" is how one Egyptian put it, perhaps a litle prematurely.

Israel has started thinning out its forward troops and weapons near the Suez Canal and will complete the operation overnight, Defence Minister Shimon Peres announced at the Mitla Pass yesterday.

He told reporters at an advance Israeli lookout post here that the withdrawal of 3,500 troops together with some tanks and artillery and missiles, announced yesterday, would be finished by 05.00 GMT to-morrow.

Michael Tingay writes from Cairo: Military sources here said that when the Israeli artillery, which includes the 155mm howitzers and bigger 175mm guns, is pulled back to 20 miles from the waterway they will be so close to the critical range distance as to be very inaccurate.

President Sadat did not, of course, get a bald U.S. affirmation of the "inadmissibilty of the acquisition of territory by force," but he feels that he has enough to be getting on with. In the light of Syria's recent extension for six months of the U.N. force's mandate on the Golan Heights, against an expected two month prolongation, King Khaled of Saudi Arabia's affirmation that the Arabs would be willing to make peace with Israel in return for territory and a national home for the Palestinians, and the general reduction of tension in the area, he has bought himself time to operate more freely. A postponement of the Arab Summit from June 30 would further help to ease the pressure on him. What has also emerged from the series of meetings betweeen the two Presidents is that Mr. Sadat sought, and appears to have established, a direct relationship with Mr. Ford separate from that which he has established with Dr. Kissinger. Mr. Sadat's staff have been profoundly influenced by two facts which appear to have played a central part in the preparation of the President for this encounter. The first is simply that Dr. Kissinger failed to deliver a settlement last time round and that his position within the administration in the face of growing hostility within Congress has been weakened particularly since the debacle in South-East Asia.

The second is that President Ford needs some significant foreign policy success to carry through to the election in 1976 and that the Middle East may well be his chosen issue. Mr. Ford's announcement that the U.S. will put a plan of its own at the end of the reassesment tends to confirm this. In any case Mr. Sadat now appears to feel that relying on Dr. Kissinger alone to extract concessions from Israel is insufficient and that Mr. Ford is a better bet to assure both a stable and continuous relationship with the U.S. as well as support powerful enough to push through a new and possibly contentious policy.

Of course, to what extent Mr. Ford really is doing the driving, and to what extent Dr. Kissinger is giving directions from the back seat is open to question. Certainly Dr. Kissinger remains the most effective instrument either side have for working out the mechanics of an agreement, but the fact that the Egyptians have been stressing the new relationship may be a straw in the wind.

Mr. Sadat now has to go home and persuade those Arabs whose support he will need in coming weeks that the second-stage agreement between Egypt and Israel, which is clearly the object of these talks, is also in their interests. Almost certainly such an agreement, if it comes about, will have to include some concession to the Syrians, possibly in the form of a similar deal on the Golan Heights in quick succession followed by the Geneva Conference.

A much more intensive level of consultations between Cairo and Damascus can be expected within the next few weeks. President Sadat is unlikely to repeat his mistake of largely ignoring President Assad as he did before Dr. Kissinger's abortive attempt at an agreement last March. The Syrians for their part appear to take the point (influenced no doubt by the Soviet Union) that an attempt at an overall settlement at Geneva requires careful preparation, since failure at Geneva would lead to war, and that interim agreements may be one way of doing this. The Palestinians, on the other hand, are unlikely to be so easily satisfied since Mr. Sadat appears to have got nothing out of Mr. Ford for them and Mr. Yassar Arafat's commitment to a negotiated settlement may come under heavy pressure.

The final word will rest with Israel; and the answer to the question of whether or not Israel will respond favourably to the pressures of Salzburg and whether those responses will be sufficient to get negotiations going again must await the Ford-Rabin meeting in ten days' time.

HOME NEWS

Freeze urged on salaries over £10,000 a year

A FREEZE on salaries over £10,000 was called for yesterday by Mr. Derek Robinson, deputy chairman of the *Pay Board* set up by the Tories but abolished by Labour last July. The call came in his evidence to the Royal Commission on the distribution of income and wealth.

In his oral evidence to the commission, which is now considering incomes over £10,000, Mr. Robinson, Fellow of Magdalen College, Oxford, and chairman of the Social Science Research Council, said it was *not possible for everyone in the* present economic situation to maintain living standards.

"If one is allowed to generalise, *those subject to your* terms of reference (those earning over £10,000) are better able to take the cuts than others," he argued.

Mr. Robinson was pessimistic about the economy for the first time for many years and thought more damage might be done to it by maintaining the differentials of the higher-paid by lessening them.

Challenged

Advocating his curb on higher salaries in particular in the private sector, he said: "This does feed through *fairly* strongly into the public sector and then percolates downwards as well."

He challenged the view that it *was always necessary to provide* big financial incentives to attract top people. A great deal depended on the motivation of the people concerned. He felt that, particularly in the public sector, money might not be the only factor motivating higher salaried staff.

Mr. Robinson said that any adverse results of narrowing pay differentials would be less serious than the consequences of widening them.

If differentials were widened the social, economic and political consequences could be severe. Social divisions would be widened and deepened. And the inflationary process would be intensified as groups sought to *maintain differentials.*

Public ownership plan for ports worries hauliers

BY JAMES McDONALD, SHIPPING CORRESPONDENT

THE GOVERNMENT'S plans for the ports, particularly the intention to extend public ownership, have been attacked by the *Road Haulage Association.* The proposals "would seriously reduce the flexibility and efficiency of the ports in general *and would have a wholly inhibit*ing effect on the operations carried out by road hauliers in relation to ports," says the RHA *in a memorandum to Mr. Fred* Mulley, Minister for Transport.

The memorandum—setting out the views of the RHA on the consultative document issued by the Department of the Environment in April—adds that docks outside the Dock Labour Scheme, particularly those which are privately owned, are the most efficient in the country.

Also criticised is the proposal that a "port business" should include not only the loading or unloading of cargo in or from trading ships but also warehousing, sorting, weighing, movement, lighterage or handling of cargo and the identifying checking or recording of the goods involved.

Some of these activities, says the Association, are undertaken *by road hauliers at premises* throughout the country. "Bringing them under public control will not make them more effec*tive than under private initiative* —indeed it is likely to achieve the reverse. These activities need not be and, indeed, frequently are not undertaken *in a* port area."

Much of the work concerned "is not in fact dock work and *has for years been undertaken* by road hauliers. The services are frequently provided by hauliers as part of the overall *distribution of import-export* goods and for purely domestic traffic." The activities were carried on in the same depot and by the same people in respect of both types of work.

"It would be illogical," it is argued, "to brand the whole business as port business and it would not be practicable to differentiate between the port and domestic activities and to apply public control only to one part. It would be equally impracticable and expensive to propose that separate establishments and labour forces should be set up to deal with the separate activities."

The efficiency of the non-*scheme ports, especially those* privately-owned, is attributed to four main factors: freedom from the inflexibility of the Dock *Labour Scheme; good* labour relations stemming from sensible negotiating machinery and high rewards for productive em*ployees; responsible investment* of capital in the modernisation of facilities to meet changing needs of customers; and "the constant *incentive to maintain efficient* and economic services in the face of free competition."

The RHA has also sent to Mr. Mulley a list of 14 road schemes in England which it considers should be given priority in the road building programme. Account *has been taken* of the proposals for heavy lorry routes now under consideration and the substantial cuts in road expendi*ture owing to the economic situ*ation. Routes in Wales and Scotland are also to be considered and will be taken up *with the Welsh Office and the* Scottish Office.

The recommendations for England are: East-West routes *linking east coast ports and* Midlands; Felixstowe-Harwich—M1; completion of the M62 to Hull; completion M18 from A1-Grimsby; A12 Great Yarmouth-Ipswich: A10 Kings Lynn-Cambridge; Pudsey - Dishforth motorway.

Completion of M25. M16 and M11; Extension of M20 Maidstone-Folkestone; North and South Circular routes (London): *Improvements to road between* North-East and Edinburgh: A696 Newcastle-Otterburn and A68 Otterburn-Scottish border.

Other recommendations are: Improvements to A66 Teesside to West Cumberland road, particularly section Middlesbrough-*Carlisle; Extension of M3* Popham-Southampton; Improvements Southampton - Midlands; Improvement A272 Uckfield-*Stockbridge;* Trans - *Pennine* Motorway: A6(M) Manchester-Sheffield; and a new road from Humber Bridge to Darlington.

Drugs men warn on dearer research

By Ray Dafter

THE DRUG industry has warned that its research programme is being placed in jeopardy by declining profitability and increasing regulatory controls.

The warning, from the *Association* of the British Pharmaceutical Industry, follows the decision by Nicholas Inter*national to shut down* its research and development unit at Slough, Berkshire. Some 120 scientists are to be made redundant from July 1 and the remaining scientific staff of 50 will go over 12 months.

Some of the scientists will be offered alternative work in Melbourne which, with India, is being retained as Nicholas's research bases.

The company, which produces *household-name products such* as Aspro, Rennies and Radox, said that the U.K. unit was engaged in long-term research. Its closure reflected economic conditions. The cost of research had increased by up to 400 per cent. in the past decade while the time required to synthesise and market a new discovery had more than trebled from three to ten years.

The decision by Nicholas confirms the warnings that the ABPI has been making in recent months. Increasing pressures on costs and profitability have been tarnishing the glossy image once held by the pharmaceuticals sector of the chemical industry.

Department of Health and Social Security figures show that the return on capital on drugs sold to the National Health Service was well over 27 per cent. in 1967. In 1973 the return was 16.8 per cent.

The pharmaceuticals companies argue that they need above-average returns to sustain their research endeavours. Yesterday the ABPI warned: "The cost of research and the declining profitability of the industry is creating a situation in which the research into the development of new medicines is being placed in jeopardy."

Returns on drugs sold to the NHS had reached a "dangerously *low level.*" *The search for new* treatments to combat still unconquered diseases was being put at risk.

Licences

Furthermore, the Government's refusal to repeal the system of compulsory licences on patented drugs—as contained in the new White Paper on patent law reform—was undermining the confidence of the industry.

As it stands companies may apply for a licence to copy drugs marketed under patent protection by the innovator. The Government has said it wants to retain this system to stimulate price competitiveness.

In spite of the problems, Syntex Pharmaceuticals, the British subsidiary of the Ameri*can Syntex Corporation, said* it was going ahead as planned with its new research centre near Edinburgh, which is expected to cost £7m. over the next 10 years.

No relief for chemicals headache Page 19

Norwich Union in shops deal

By John Trafford, Property Editor

NORWICH UNION Life Insur*ance, in its biggest property deal* for a long time, has bought the interests of Taylor Woodrow Industrial Estates and Capital *and Counties Properties in* Birmingham's New Street Station shopping complex for about £6.7m.

This deal means that Norwich Union has now gained a 100 per cent. interest in the property. Previously the company and its *two partners each had a one*-third share in a long leasehold on the property. The deal therefore suggests a current value of around £10m. on the completed development.

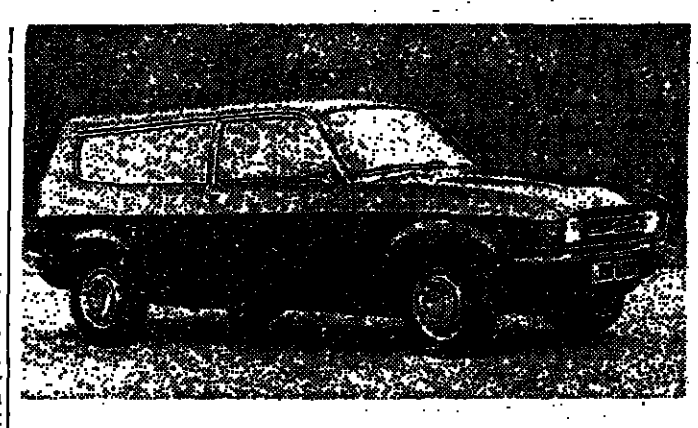
The purchase will boost the total value of Norwich Union Life's property portfolio to over £350m. It also emphasises the willingness of major U.K. institutions to invest heavily in freehold or long leasehold commercial property, provided it is well let and in a prime location.

The New Street Centre was developed by a partnership of Capital and Counties, Taylor Woodrow and Norwich Union, and has been operating since 1969.

PAPER INDUSTRY TRAINING LEVY

Mr. Michael Foot, the Secretary for Employment, has approved proposals by the Paper and Paper Products Industry Training Board for a levy on employers within its scope equal to 1 per cent. of their payroll in the year to April 5, 1975. Employers with a payroll of less than £55,000 will be exempt.

An order to this effect laid before Parliament yesterday by Mr. Foot comes into operation on June 25.



Allegro estate models to cost £1,880 and £1,976

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

BRITISH LEYLAND'S LONG-awaited Allegro estate car comes on to the British market to-day priced at £1,880 for the 1300 cc model, and £1,976 for the 1500. It will be introduced to the Continent in the autumn.

The car effectively replaces the 1300 Countryman, which was phased out *in* 1973 when the Allegro was launched. BL claims that the Allegro estate, with a 53 cubic feet rear capacity, has 37 per cent. more loadspace than the Countryman.

Hence the hopes that the *new model will prove a better* all-round competitor than its predecessor, selling both to the private market (where the *main emphasis* will be) and the fleet buyer.

To do this it will have to overcome the unfortunate reputation *for quality* which attached itself to the first Allegros, and BL has initially opted for a modest production *rate of 250 estates* a week. This implies taking about 15 per cent. of the estimated 83,000 market for medium-size estates in the U.K.

Features of the new model include a long, single-sheet rear window, a standard rear windscreen-wiper and washer and a carpeted loadspace.

Main competitors will be the Ford Escort estate (which is 4 inches longer) and imports such as the Citroen GS and Datsun Sunny estates, plus the range of foreign three-door tailgate models. BL estimates that while medium-size estates took some 6.4 per cent. of the U.K. market last year, vehicles with rear "tailgate" doors took another 5 per cent.

The £1,880-£1,976 price bracket for the Allegro estate compares with the Ford's which range from £1,619 to £1,920. The Allegro estate will not be increased in price *later this month, when the rest* of BL's models are expected to go up, along with the products of the other domestic manu*facturers.*

Labour MPs concerned over Redcar project

THE NORTHERN group of Labour MPs said yesterday that it was "deeply concerned" at the threat to the British Steel Corporation's £1,500m. complex at Redcar, Teesside.

Mr. Jack Dormand, Labour MP for Easington and Secretary of the group, said in a statement the controversy surrounding the Redcar project would be placed on the agenda of a special group meeting when the Commons recess ended.

North East concern follows a report by the Welsh Office of the Labour Party calling for the Redcar development to be shelved. It said it would be wiser to invest in steelmaking at Shotton in addition to the full-scale development at Port Talbot.

ARMY DEPOT FIRE CAUSED £1M. OF DAMAGE

Officials yesterday issued a revised estimate of £1m. for the damage caused by the fire two weeks ago at the Army's Chilwell ordnance depot in Nottinghamshire. A spokesman at the depot said yesterday that the damage, originally estimated at £500,000, could have been worse if firemen had not acted *quickly to save* one-third of a huge store containing military equipment and spares. A man has been charged in connection with the fire.

Early economic revival likely in Europe

BY MICHAEL BLANDEN

A SHARP DECLINE in the level *of surplus of the oil-producing* countries, coupled with highly expansive Government policies, could produce a revival of economic activity in at least some parts of Europe at the end of this year or the beginning of 1976, a leading Swiss banker said yesterday.

Mr. Felix Schulthess, chairman of Credit Suisse, said the rapid growth in the imports of the oil producers should cut their *balance of payments surplus by* over a third to about $35bn. this year.

This would generate a similar increase in demand for the exports of industrial nations, with countries like Germany and France the major beneficiaries.

With highly expansive, Govern*ment policies, he added,* a number of powerful economic impulses were at work. Their effects were being felt mainly in the larger European countries at present, but would spread later to the smaller nations.

Mr. Schulthess was speaking in Geneva at the third economic conference organised by the Conference Board. He drew attention to the U.K.'s rapid inflation rate, "chiefly under *the impact of extravagant social* experiments," and to the uncertainty engendered by the threat of withdrawal from the EEC.

In contrast, however, he underlined the strength of the more "stability-oriented" economies such as Germany and France, where economic growth had slowed down but not stopped and where inflationary pressures were much less.

Commenting on the monetary situation, Mr. Schulthess emphasised the "extremely tricky conflict of objectives" it presented for many European nations. Success in *stabilising* their economies had brought a heavy demand for their currencies under the floating rate regime. This *had* led to *increased* attempts to influence exchange rates, so that in recent months "virtually the whole of Europe has switched from free to manipulated floating."

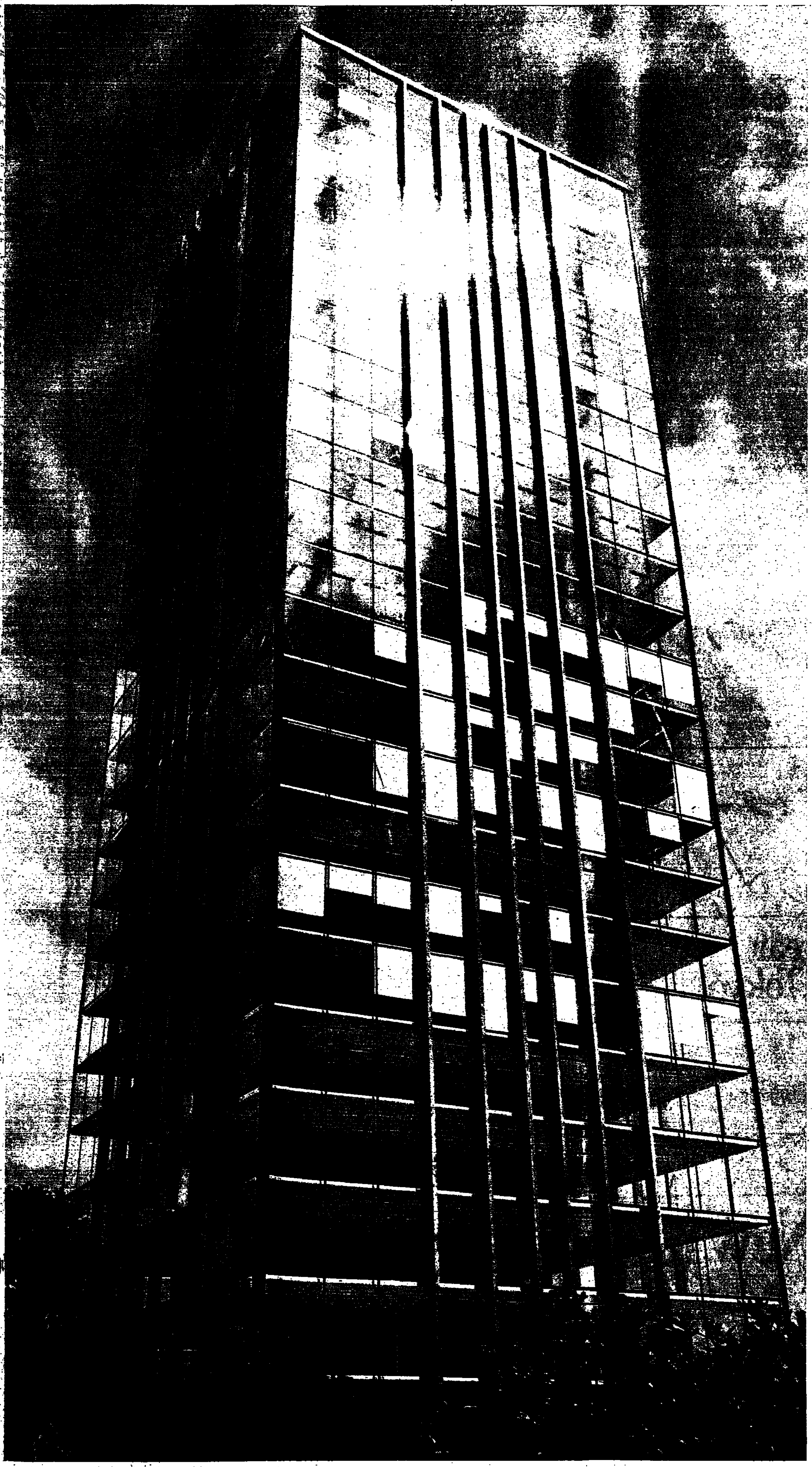
A fundamental reorientation in the monetary policy of major parts of Europe had taken place in the context of the "*snake*" arrangements for joint floating. The "mini-snake," with the addition of France and possibly Switzerland and incorporating countries outside the EEC, might one day provide the starting point for a more complete monetary reform, he said.

Meanwhile, Mr. Schulthess saw the "danger of resurgent inflation looming on the horizon" as a result of the prospective economic *upturn.* He asked whether "it would not be advisable for the governments of Western countries, instead of fixing their eyes on employment, to devote greater attention to the task of forestalling future inflationary pressures."

هكذا عن الأصل

Drugs m
warn
on deare
research

What does it do to the gallon?



As a nation we are full of surprises.

We have an energy crisis threatening to put us into liquidation. We also have physical evidence that a sensible combination of glass, window system and building design in a modern block can save up to three quarters of the energy used in heating and lighting it.

So what do we do? Spend a little more time on specification? Take expert advice?

Not a bit of it. Up they go, building after building, gobbling up energy as if we were going for the record.

What everyone ought to know about glass and shouldn't be afraid to ask.

Two years ago, the view of glass as something to look through did us no serious harm.

Today, every developer should be aware that the right window design can more than save its cost on heating and air-conditioning plant alone, and result in a cheaper-to-run and therefore far more saleable property.

Every architect should know the precise effects of double-glazing and double window units on the control of temperature, condensation and sound penetration.

He should know the entire range of solar control glasses that absorb or reflect the sun's energy, reduce glare and solar gain and transform whole landscapes.

(And if he has difficulties, the Pilkington Technical Advisory Service and their computer programmes will quickly rid him of them.)

Finally, every prospective tenant of any building should examine his prospective running costs before ever he sets pen to contract.

That way lies sanity.

Below: sensible design can transform a building in both looks and performance.

PILKINGTON

Glass. We make it work harder for you.

Labour
concern
Redcar

Europ

HOME NEWS

Civil aviation review submitted to Shore

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE U.K. Government's review of civil aviation policy has now *been completed and a report sent* to the Secretary for Trade, Mr. Peter Shore.

A statement on the review is expected in the Commons before the summer recess at the end of July, but it is not yet settled whether the detailed text of the report will be published.

The review has been conducted solely by officials within the Department of Trade on the basis of evidence, both written and oral, *submitted* by the airline industry.

Basically, the aim has been to see whether the present mixed system of one major State-owned airline (British Airways) and several smaller privately-owned airlines (including British Caledonian) should be allowed to continue, or whether substantial changes should be made, such as the merger of British Airways and British Caledonian.

Concern

During the consultation period over the past few months, considerable concern has been expressed by the private airline sector—notably Caledonian—at the possibility that the present Government might abandon the Conservative Government's policy of a mixed airline system.

That policy, enshrined in written "guidelines" to the Civil Aviation Authority, required Caledonian to be given preference over other independents in route awards to enable it to become the major "second force" airline in the U.K.

Since the creation of Caledonian and the re-allocation to it of certain British Airways' routes—notably those to West Africa—there has been substantial trade union hostility to the whole idea of the second-force airline, despite the fact that British Caledonian employs around 5,000 workers.

Virtually all the evidence submitted to the officials of the DoT by the independent airline sector, however, has urged the retention of a mixed airline system, with the privately-owned airlines being given a bigger *opportunity to contribute to* overall air transport effort.

British Airways' evidence, although not published, is believed to have stressed that it should be given back those routes that were taken from it to help British Caledonian find its feet, and that the guidelines should be rewritten to remove the whole concept of a second-force airline.

The State airline is known to feel, for example, that Caledonian's incursion on to the North Atlantic scheduled route was not only damaging to British Airways, but almost disastrous for Caledonian itself, resulting in the latter withdrawing its services last November.

Some of the independent airlines are known to be bitter about the way in which British Airways has built up its inclusive-tour holiday flying, biting deeply into the market traditionally held by the independents themselves.

Monopoly

These operators feel that if there are any changes in policy as a result of the review, they should include cutting British Airways out of the inclusive-tour market, leaving this entirely to the independents, with the *State airline retaining* the monopoly of scheduled operations.

The DoT said yesterday that Sir Kenneth Selby, chairman and managing director of the Bath and Portland Stone group, will in addition become the chairman of the new Air Travel Reserve Fund Agency for three years from May 22 last.

The Agency has been set up by Act of Parliament to manage the special fund to give financial protection to people making overseas air travel bookings.

The Agency will also make payments to customers of certain air travel organisers, including Clarksons and Horizon, who failed last year, in cases where the existing bonding arrangements proved inadequate.

Other Home News appears on Pages 15, 29 and 30

Boost for Anglo-Nigerian trade

Britain's exports to Nigeria in the first four months of this year had more than doubled to £131m. compared with the same period of 1974, and reflect the growing interest in Anglo-Nigerian trade, Mr. Peter Shore, Secretary of State for Trade, said in London yesterday.

Mr. Shore, who visited Nigeria in February, was welcoming a trade mission led by Chief Henry Fajemirokun, president of the Nigerian Association of Chambers of Commerce, Industry, Mines and Agriculture.

Mr. Shore told the London Chamber of Commerce and *Industry that a number of* British trade missions would be going to Nigeria this year. And he forecast that the present visit from Nigeria would prove "equally worthwhile" if *the interest* being shown in Nigeria by British businessmen is anything to go by.

The number of businessmen seeking information on Nigeria from the Government was increasing daily, he stated. "So too is the number who are going out to Nigeria to see for themselves.

"This interest is starting to be reflected in the level of trade. In the first four months of this year Britain's exports to Nigeria amounted to £131m. This compares with £59m. for the same period last year, and £222m. for last year as a whole.

"I hope that this marks the end of a period which has seen Britain's share of Nigeria's market fall from 45 per cent. 15 years ago to the present 25 per cent."

Mr. Shore went on to say *that no trading relationship* could thrive unless it was based on mutual benefit and mutual support. "In the other direction Britain's imports from Nigeria increased *to £368m. last year. Products* other than oil amounted for a quarter of this. We are Nigeria's biggest market for products other than oil.

"In fact in the first four *months of this year the value* of our imports of oil from Nigeria actually declined while our non-oil imports grew by 6 per cent.—which happens to be exactly the average *annual growth rate called for* in Nigeria's development plan," he said.

NEWS ANALYSIS—CONTRACT PRICES

The gamble of estimating

BY RAY DAFTER

NEWS THAT John Brown and Co. has lost £4.9m. on construction operations in the current financial year underlines the hazards of building large process plants in an inflationary climate.

Its Constructors John Brown division is used to operating with big figures. Contracts range from around the £100,000 mark to £40m. and more; they can take *over two or three years to complete.*

As with the process plant industry in general, CJB was dogged during 1974 by shortages of steel on the one hand and delays in deliveries on the other.

The situation was made worse by a shortage of labour—the industry was lacking at least 25,000 men last year, and when the National Economic Development Office published its investment *forecast in July a shortage* as high as 40,000 was being talked about.

Menace

These two problems inevitably delayed contract completion dates—up to six months in some cases—which in turn compounded the third menace of inflation. Because of the labour and steel contents in costs, the process plant sector has always tended to run ahead of general inflation levels anyway.

Now, with inflation in the industry reckoned to be running at a rate of 2.5 per cent. a month, contract price estimating becomes something of a gamble. The industry learned how badly it could burn its fingers in the late 1960s when the Power Gas Corporation under-estimated the cost of the Conoco refinery at *South Killingholme, Lincolnshire.*

The contractor lost £12m. on that deal, which was a fixed price arrangement originally totalling £25m. Changes in design, bad weather, difficulties with subcontractors and labour problems were blamed for the delays and cost increases.

In general, escalation clauses have been demanded for the past 18 months. This is basically the situation with the whole of the U.K. contracting industry, which last year expected to gain some £579m. worth of business (£409m. of it overseas).

Even so, with some plants *taking up to five years to complete,* it will be some time before the fixed-price contracts have worked their way out of the system.

Negotiations over escalation clauses can be a headache when costs are rising at an "unquantifiable" rate, as the British Chemical Engineering Contractors' Association puts it.

The association is currently supporting contractors in their bid to get a better deal under the Government's escalation insurance scheme. The arrangements, as announced by Mr. Peter Shore, Trade Secretary, are intended to afford protection to contractors and to boost exports, particularly in Middle Eastern states where considerable petro-chemical expansion is taking place.

Raw deal

The association *claims that in* view of the premium which has to be paid and the fact that the cover is only partially effective, the industry is getting a raw deal when compared with major competitors *in France and Germany,* for instance.

"We want to know where we stand—it is difficult playing roulette and building for the future," said Brigadier Birkett, *director* of the association.

The U.K. constractors, who would prefer to see a more open-ended insurance scheme, feel that in some ways they are now in a worse position than before. The much-publicised measures, as they stand, have already brought demands from clients for fixed-price contracts, since they believe the U.K. contractors are now protected by Government insurance comparable with the French arrangements.

On the other hand the contractors are reticent about signing any more fixed-price deals, which is hampering them in potentially lucrative markets such as China and the Middle East. Eastern European countries, which represent another important market, seem to be relaxing their attitude to fixed-price deals.

The problems of the contractors in dealing with inflation runs right through the process plant industry to equipment suppliers. Various trade associations have devised a number of formulae to help companies compute contract prices and escalation clauses.

In addition, the industry has tightened its terms of payment which, in turn, puts pressure on those further up the ladder doing the ordering (with contractors at the top).

Whether companies can come to terms with inflation remains to be seen. But Commander John Hamer, director of the Process Plant Association, sounded a note of caution recently when he declared: "*In the midst of plenty* we are in poverty."

SALEROOM

Australian 1892 tennis trophy fetches £8,925

A VERY ATTRACTIVE blue cameo two-handled vase, a foot high, which was apparently won at the Melbourne Tennis Club in 1892 by Mr. W. D. Coldham, was sold for £8,925 at Christie's yesterday. It was the second highest price ever for a cameo vase. The record of £9,240 was established last July.

The vase, carved in white with an opaque picture of a milkmaid, was the work of George Woodall. It was sold by a descendant of the original recipient and bought by the London dealer Tillman. The price was comfortably above forecast i na sale of studio pottery, art nouveau and cameo glass, which went extremely well with little unsold and most items going above forecast.

Among other top prices were the £1,155 paid by a private buyer for a bronze and ivory figure of a girl by F. Preiss, while an art deco bronze and ivory figure of an exotic dancer by D. Chiparus was bought by Waterman for £892.50. Dancing figures were particularly popular in a sale which realised £29,472.

Prices were also good. If not quite so bullish, at a Christie's sale of Japanese screens, porcelain and lacquers, which totalled £39,158. The highest price was the £3,990 given for a pair of six *leaf-screens painted with* sandpipers in flight, dating from the 18th-century.

Sotheby's sold a bottle of 1971 Moselle for £510. It was bought by Mr. Peter Langan, who owns *Odins Restaurant, London.* He expects it to be drunk by a patron of the restaurant, a German industrialist who expects something special on the wine list. The sale was on behalf of the Lords Taverners and raised £2,699 from 85 lots.

There was a high price of £4,200 at Sotheby's sale of children's books.

Also at Sotheby's a Chinese porcelain sale totalled £95,091.

New industrial growth sought for W. Midlands

By Our Midlands Correspondent

A CHANCE to compete for new industrial growth, particularly that generated at the international level, is demanded by the latest economic survey of the West Midlands.

Once again the familiar theme is paraded that unles the West Midlands is successful in maintaining its manufacturing output, and thereby exports, the national economy will be severely affected.

Planners believe that the economic problems of the region are the result of deep-seated structural defects which cannot be remedied by short-term palliatives. Danger signals have been visible for some time, says *the West Midlands Planning* Authorities Conference.

There was no firm evidence yet of a trends towards diversification into the new growth industries.

University jobs under review

THE COUNCIL of the University of East Anglia in Norwich is to review its decision to freeze all *new appointments and replacements* taken to avert an estimated deficit of £400,000 next year. This follows protests from four unions representing 1,500 employees who feared redundancies.

Wingate plans office park at Newport

By John Trafford, Property

BRITAIN'S FIRST American-style "office park," with buildings set in rural surroundings, is to be undertaken by the unquoted development company *Wingate Investments on the outskirts* of Newport in South Wales.

The project will house 5,000-6,000 office workers in 764,000 square feet of two-storey office *buildings set in 52 acres of rural* land. Total costs are expected to be considerably above £10m.

The developers are believed to be well advanced in negotiations on a pre-let of a substantial part *of the scheme to Government* departments.

The site is close to the M4/M50 Coldra interchange and was originally designated for industrial use. Buildings will cover *only nine acres. Another 30* acres of land will landscaped. Ten acres will be taken for car parking.

The first tenants could be moving in in little over 18 months if *the pre-letting programme is* successful.

HOPE OF MERSEY RIGGERS PEACE

Hopes of a settlement of the 11-day strike by 300 Merseyside riggers—the men who work the small boats carrying ropes from ship to shore—rest on a mass meeting to-day which will hear fresh pay proposals

Scotboard to go ahead with £3m. plant expansion

FINANCIAL TIMES REPORTER

DESPITE THE general decline in the building and furnishing industries, Scotboard, the Ayrshire wood chip board manufacturer, is pressing ahead with its *plans for a £3m.* plant expansion at Irvine New Town.

Work will start in a few months on building a 10,000-square metre plant alongside the existing one on the Irvine *Industrial Estate and it should be* operational by January 1977. It will double the present output.

Mr. Robert Watson, managing director, said yesterday: "It also represents a sizeable increase in the number of jobs that the company will provide while increasing their security of the 150 jobs already involved."

Among closures announced yesterday is a mill at Bradford, which blamed imports of clothing for its predicament. About 100 people will lose their jobs as a result of the coming closure of the Oswin Mills, Bolton Woods, of Stroud, Riley, Drum*mond, and a reduction in the* staff at the company's head office in Canal Road, Bradford.

In South Shields, the Go Gay shoe factory is to close next month. About 80 of the 140 workers have already been given their notices. The rest will be made redundant when the factory closes. The closure is blamed on falling profits and output due to the cancellation of a £100,000 order from Jamaica and the effects of the 3-day week.

The Freedman Bros. *factory* at Ashington, Northumberland, which make fibre glass laminaters, has closed with the loss of 45 jobs. The company says that the increasing cost of raw materials caused financial difficulties.

And in Northampton, Bluemel Bros., which manufactures car *number plates, is to close its* factory next month because of a slump in orders during the past six months. The entire workforce of 55 was given redundancy notices yesterday. The *company's work is to be centred* at its Coventry factory.

Herrburger Brooks, piano key makers of Long Eaton, near Nottingham, is making 20 workers redundant. Increased costs, *largely due to threshold payments*, has cost the company a great deal of its U.S. business.

Voting rights

NEARLY 400 people missed off electors' registers will be able to vote in the referendum because of High Court orders made yesterday.

A group of 264 students at Keele University and a further 128 people in the Manchester area, omitted by mistake, were granted orders directing their respective electoral registration officers to alter the register to include their names.

More tune in to London radio stations

LONDON'S TWO commercial radio stations, Capital and London Broadcasting, have a more secure future, having gained "a million extra listeners over the past eight months. Mr. John Whitney, Capital's managing director, said yesterday that both stations were "here to stay."

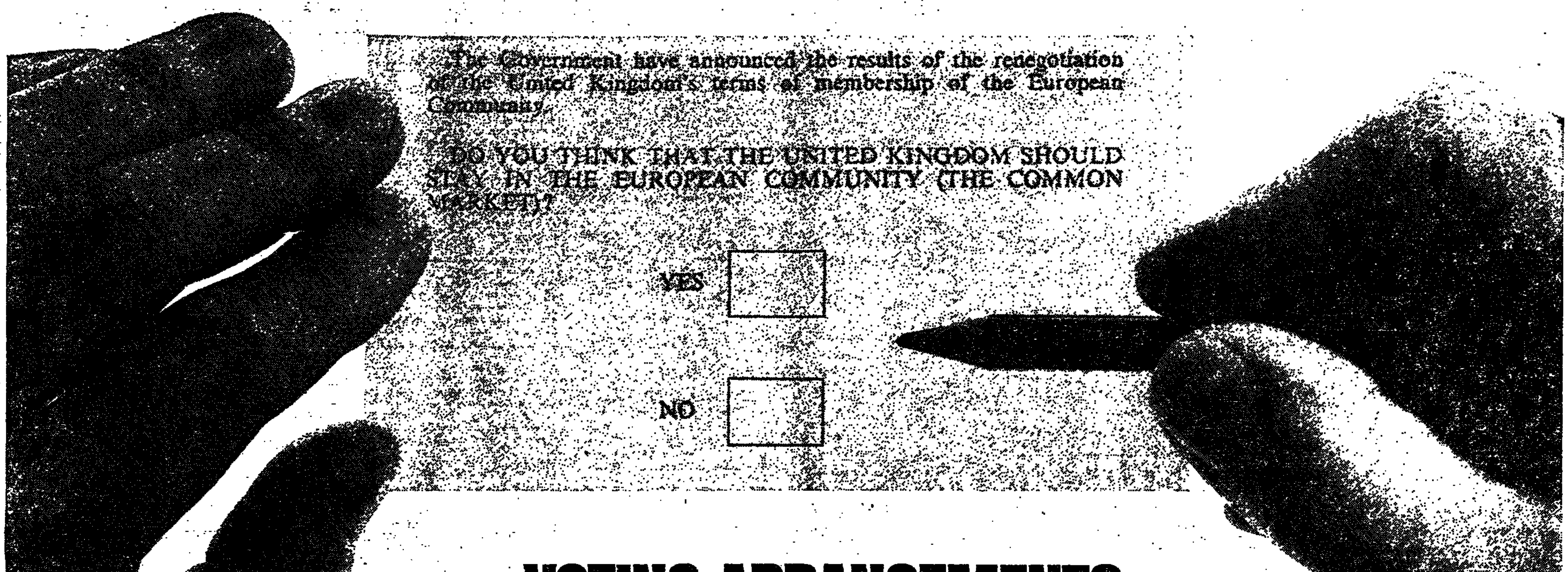
"We have had our troubles, but we can now see light again at the end of the tunnel because of picking up many more listeners. The BBC know we are here, and audiences have discovered we are here as well," he said.

Joint figures for the two stations claim 4.475m. listeners each week—a million more than in the last survey eight months ago. Mr. Whitney said: "The new listeners have been won at the expense of the BBC. We now have 23 per cent. of listeners—an 8 per cent. rise on our last figure.

The BBC, however, says that there is no indication that the *commercial radio stations in* London have gained audiences at the expense of BBC Radio. "This is in line with the finding that, in Great Britain as a whole, the amount of listening to BBC Radio has not fallen since commercial radio began. Thus in 1973 the amount of listening to BBC Radio, per head of population, was 8 hours 35 minutes per week, whereas in 1974 it was 8 hours 44 minutes."

هكذا من الأصل

REFERENDUM: VOTE TOMORROW.



VOTING ARRANGEMENTS

The voting arrangements for tomorrow's Referendum on the European Community (Common Market) are the same as those for a General Election.

Polling will be as usual, at local polling stations, from 7 a.m. to 10 p.m. (Your poll card will remind you of the date and give other details. But you do *not* need a poll card to vote.)

At the polling station you will be given a ballot paper like the one shown here, and be asked to mark the ballot paper in one of two clearly marked places, in order to record a YES or NO vote on Britain's continued membership of the Common Market.

YOUR VOTE COUNTS - USE IT.

This advertisement is issued by H. M. Government.

REFERENDUM

Powell sees the creepy things under the carpet

BY DAVID LASCELLES

MR. ENOCH POWELL avoided the word holocaust to describe what would happen if Britain stayed in the EEC. but he came close to it at his astonishing Press conference yesterday.

In a virtuoso performance that had his audience alternatively rocking with mirth and rapt with attention, he said the British people would rise up and tear their leaders apart when they found out ho wthey had been deceived over the EEC.

Staring down from his yellow-backed rostrum, he declared that so many truths about the Common Market were being swept under the carpet that the carpet had become a mountain, nay, a pyramid.

The things that crawled out after the referendum would make the people arise with revulsion, bellowing that they had been deceived, hijacked, even, Mr. Powell cried, his hands groping at the air above him.

Among the creepy crawlies Mr. Powell expected to find were commission powers to regulate the extraction of oil and levels of fuel stocks, and plans to extend the CAP to land.

Terry Kirk

Mr. Enoch Powell spells out his anti-European warning at yesterday's Press conference.

The veto

But the biggest were proposals for economic and monetary union, and a directly elected European parliament, which Mr. Powell said had never been disavowed, rather the opposite, by European leaders like President Giscard.

"Why don't we British ever believe what foreigners say they're going to do?" he moaned in that famous voice.

Reminded that Britain would have the power of veto, Mr. Powell sat back in triumph. "I've been waiting for that one." he cried. The veto was a wasting asset. It would disappear as one area after another was brought under Community regulation.

As he parried question after question in the bright lights, Mr. Powell got better and better. But his rollicking audience always had to be ready for the sudden steely stare that brought everything to a halt.

Even then Mr. Powell would cap his point with a quotation in French or German "because it seemed apt." and the laughter started again.

But there was serious business too. Mr. Powell attacked three of the pro-Marketeers' main arguments.

To say EEC membership would ensure Britain regular food supplies was nonsense because whereas the original EEC had been largely self-sufficient, Britain's entry would force it on to world markets for supplies.

To claim Britain had no alternative was just as misleading.

Mr. Powell said that once out *of the EEC, Britain would* recover the same trends of pre-1973. These were growth outside the Community without Common Market bariers, growth with EEC members, and replacement of dependence on Commonwealth trade by trade with the rest of the world.

The status

On sovereignty, Mr. Powell said the pro-Marketeers had not come clean on the provincial status to which Parliament would be reduced.

The EEC was not only set on achieving economic and monetary union, he said, but it also wanted a directly elected parliament.

Margaret Reid writes: Speaking in the *City of London* to a crowded "Get.. Britain Out" meeting, Mr. Powell said the Market is set on a course which will make it, not the benefactor, but the blood-sucker of the Third World.

Mr. Powell also gave a warning of what he saw as the prospective loss of voters' control over Britain's affairs as plans for a *directly elected European Par*liament were carried out.

The meting was chaired by Mr. Gordon Tether of the Financial Times Lombard column.

On food, Mr. Powell said no respectable participant in the current debate any longer disputed that the net effect of the European Community's Common Agricultural Policy must, on the whole, be to make food dearer than it would otherwise be.

More emphasis was now being placed on the alleged virtues of self-sufficient, supposed to be a cornerstone of the policy.

But, Mr. Powell argued, even without Britain it was not true that the Common Market was, or could be, self-sufficient, for it *could not be self-sufficient in the* indispensable element of protein.

For 20 years the original Six countries had been considerable importers of feedingstuffs for agriculture and Britain's membership was bound to mean a dramatic growth in the need for imported feedstuffs.

"The Community's claim to self-sufficiency is a sham and a *delusion already; but through the* inclusion of the U.K., with its quite different balance between population and agriculture, the CAP is destined to become a major disturbing factor in the world economy and a source of injury to the very parts of humanity for whom we profess so much concern."

Thomson gives oil assurance

By Chris Baur,

Scottish Correspondent

MR. GEORGE THOMSON, the EEC Commissioner for Regional Policy, yesterday accused Britain's Energy Secretary, Mr. Eric Varley, of "raising utterly unnecessary fears" about the Government's possible loss of control over North Sea oil resources if Britain remains a member of the European Community.

The "guts of the matter" was that no rate of depletion of North Sea oil could be sought by the Community without the specific approval of the British Government, said Mr. Thomson.

The oil question was one of three Scottish fears which Mr. Thomson said were being fanned by anti-Marketeers from the dying embers of the referendum campaign.

The first was the fear that the European Commission would obstruct the working of the new Scottish Development Agency. On the contrary, he said, he strongly welcomed the SDA which, as a channel of Community development aid, would assist the Commission in stopping the richer countries out-bidding the less well-off countries like Scotland.

The second fear was about North Sea oil. Mr. Thomson quoted back at Mr. Varley the Minister's own words spoken in Oslo at the end of last month—that "the oil is British and that's all there is to it."

Mr. Thomson: "I could not have put it better myself."

The final fear was that a "Yes" vote would endanger the Government's plans for devolution from Westminster to a Scottish Assembly. "I repudiate absolutely the suggestion that the European Commission would have any interest in frustrating Scottish or Welsh devolution."

Heath wins ovation in City

BY JUSTIN LONG

BY POOLING our sovereignty in the European Community we gained commensurate control over the sovereignty of eight other member-countries, Mr. Edward Heath yesterday told pro-Marketeers of the City of London.

Given an almost rapturous standing ovation at a crowded lunch-time meetings of the City in Europe campaign, Mr. Heath condemned both of the two possible alternatives to British membership of the EEC.

The first alternative would be for Britain to take part in a free trade area. But we had not been able to get a satisfactory free trade area before entry into the Market, and we should not be able to do so now, said Mr. Heath.

"If we tear up this treaty, do we expect the Comunity to come along and say, "Well, we have a fairly wide selection of other treaties for you to choose from."

Nor was this country in any position to sustain further economic uncertainty and the tariff barriers which would operate against us.

As for the other alternative —to go it alone—this could lead only to a siege economy and measures that would drag our standard of living far below that of any member of the European Community, Mr. Heath maintained.

For the City in particular, it would mean the death of many whose activities on which the nation depended for survival.

This view of the result of a majority "No" vofe was supported by Mr. Robert Fell, Chief Executive of the Stock Exchange.

"If we say "No" now, it will be more than breaking our word," said Mr Fell. "It will be seen as confirmation to the pessimists abroad that our proud days are over, that one of the last vestiges of our strength overseas, our moral purpose, has been sapped."

Hhe urged every company in the City to remind its people of the importance of to-morrow's vote. It must be a large and positive vote for staying in Europe, he told the meeting.

A recount if . . .

Sir Philip Allen, chief counting officer for the referendum, announced yesterday that he would consider ordering a U.K. recount if the margin between the "Yes" and "No" votes was of the order of 150.000.

Sir Philip said he *thought it* right to build in a very substantial safety factor and had therefore decided to consider a recount if the majority was up to ten times the 15.000 margin required on statistical grounds. His decision on the day would be influenced by the turnout and any other factors which emerged about the conduct of *the count.*

U.K. could be a leading partner: Thorpe

By David Lascelles

WHEN BRITAIN sees what a superb political contribution it *can make to Europe, it will start* losing its inferiority complex, Mr. Jeremy Thorpe, Liberal leader told his party's Press conference yesterday.

In its present state, its economic value to the EEC was doubtful, he said, but there was no doubt that it could become a leading partner in Europe.

Mr. David Steel, MP for Ormskirk, *said he was certain* that Scotland would vote yes on Thursday. When the campaign started, he said, he thought it was 50-50, but he now expected a majority of at least 10 per cent.

He put this pro-Market shift down to the better organisation of the Marketeers' campaign and the poor performance put up by the Scottish Nationalists.

Our U.K. spending depends on 'Yes' say 6 companies

FINANCIAL TIMES REPORTER

THE FOREIGN OFFICE yesterday gave the names of six international companies, including BP (Chemicals) Ltd., whose decisions to invest in the U.K. are dependent on the outcome of the Common Market referendum. Most of them are in the chemicals sector.

According to Mr. Roy Hattersley, Minister of State at the Foreign Office, the list is not exhaustive and includes only cases which the Office has verified in the past two days and where the management has agreed to publication.

The information was given in a letter to Mr. Donald Anderson, Labour MP for Swansea West.

The BP Chemicals plan is for an investment of £100m. in Grangemouth by 1979. BP says it will go ahead only if there is a "yes" vote on Thursday.

Montedison, the Italian chemicals concern, is considering setting up a petrochemical plant involving 700 jobs in an unnamed assisted area and initially worth £50m., but would look at alternative sites on the continent if Britain votes no.

Monsanto, the U.S. chemicals concern, is building the first stage of a plant making chemical intermediates for nylon on Teesside, but further development depends on Britain remaining in the Community.

Another U.S. chemicals concern, the Dexter Corporation, is considering doubling its investment in Scotland, but will look to the continent if there is a no vote.

Much the same goes for investment plans by BXL, the plastics subsidiary of Union Carbide, whose expansion plans in Britain *are based on supplying the European Market.*

The only non-chemicals concern in the list is Vlees Export of Rotterdam. The company exports boned fresh meat and has plans to set up a U.K. plant providing about 100 jobs, but says they will be dropped if Britain leaves the Community.

Mr. Hattersley says in his letter that the Foreign Office knows of a number of other similar cases, but that the companies have not agreed to disclosure.

● Mr. Edward Short, Leader of the House, said yesterday that many millions of pounds had poured into the North East as a result of British membership of the Market "and much more will come in the future."

He said the evidence suggested that the North East was doing extremely well out of British membership.

The European Investment Bank provided £14.7m. for the new BSC complex on Teesside and £15.6m. for the nuclear power station at Hartlepool.

In Durham, £6.1m. had been provided for the modernisation of Horden, Blackhall and Easington collieries and a further £240,000 for the improvement of 892 Coal Board houses.

"We have received a substantial share of the U.K.'s £10.44m. allocation for retraining workers and more than £5m. from the European Social Fund.

● Lord Watkinson, deputy president of the Confederation of British Industry, last night claimed the alternative to continued membership of the Common Market was "a sordid siege economy."

He told a Britain in Europe meeting in London, that this siege economy would be made with jealousy and managed by State controls, producing a little island off an uncaring continent which would have written the U.K. off entirely— a continent which would not want our money or our goods.

"Let us make an end of all this rather sordid argument, let us stick by our bargain and vote an overwhelming YES," he said.

● Mr. W. P. W. Anderson, chairman and chief executive of Carpets International, told shareholders at the company's annual meeting that Britain's continued membership of the EEC is vital to the group's strategy and is the export market with the greatest growth potential.

Dr. E. J. Cullen, chief executive of Rohm and Haas (U.K.), said the company's export sales to EEC countries, which totalled over £10.5m. in 1974, would be seriously affected by a vote to leave Europe.

Bland Payne, the insurance brokers, have sent a letter to 1,500 employees in the U.K. saying the company's interests will best be served by the U.K. remaining in the EEC.

A "No" vote would result in withdrawal of much of the capital invested in the South West region by 140 foreign companies, especially around Plymouth, Mr. Claude Pike, chairman of the CBI's south-west region, said.

● Merseyside County Council refused by a large majority yesterday to debate a Liberal member's motion calling for a "yes" vote to-morrow.

'Wider decision-making' appeal to Nationalists

BY ROBIN REEVES

BRUSSELS, June 3.

AN EVE of referendum appeal to Scottish and Welsh Nationalists not to be frightened of the idea of moving towards European union has been made here by the Association of former trainees of the EEC institutions.

The association says the hostility voiced by Nationalist politicians towards "European union" in the referendum cam*paign is understandable,* in view of "experiences in the past with the centralised power of Westminster in London."

But the association emphasises that the larger framework of the European Community, far from hindering the trend towards greater regional control within the U.K. and other EEC countries, will underline the need for more decentralised decision-*making in many fields.* "Regionalisation will become the keystone of a viable and functional construction of a European union."

The association sees no reason why Scotland, Wales, Brittany, Sicily and even Bavaria should not have the opportunity to participate effectively in the Community decision-making process.

It suggests that democratic *participation in local and* regional affairs is a psychological pre-condition to European union in which trans-regional co-operation and financial solidarity become the result of commonsense.

The association represents more than 3.000 former trainees of the EEC institutions, now working in public and private enterprise all over Europe and in other countries.

Party leader disputes du Cann claim

Tories opposed to Market dwindling—Mrs. Thatcher

BY JOHN HUNT

THE ALLEGATION from Mr. Edward Du Cann that the Conservative Party is deeply divided on the Common Market and that, but for the pro-Market influence of the leadership, there might even be a majority of the party in favour of withdrawal was denied yesterday by Mrs. Margaret Thatcher, the Tory leader.

She called for a decisive Yes verdict on Market membership and urged Conservatives to vote in strength for the European idea. The campaign, she declared, could not succeed in the country without the active support of Conservatives in the constituencies.

Answering questions on the EEC at the first national Press conference that she has given during the last two weeks of the referendum campaign, she maintained that the free vote in the Commons on the renegotiated terms in April had proved that only a small minority of the party were opposed to continued British membership of the Community.

On that occasion, a total of 275 Conservative members voted, 249 of them in favour of the Market and only eight against. Another 18 were absent.

Mrs. Thatcher, good-humoured and looking relaxed, maintained that this picture was reflected among Conservatives in the nation as a whole. On her trips around the country, she said, she had found only a small and dwindling minority of the party opposed to the EEC.

Answering other questions, Mrs. Thatcher indicated that she was lukewarm towards suggestions by Mr. Reg Prentice, Education Secretary, that there should be closer co-operation between the Labour and Conservative parties on national issues after the referendum.

She repeatedly emphasised that unity of purpose between the two parties must precede any unity of action. She made it very clear that major items in Labour's programme, particularly nationalisation proposals and the Government's plans for industry, stood in the way of any such unity.

Terry Kirk

Mrs. Margaret Thatcher, the Tory leader, shields her eyes from the television lights at the Conservative Group for Europe Press conference in London yesterday.

Dealing with Mr. du Cann's speech, she said that that proportion of Conservatives against the Market had been steadily reducing since it was first mooted. A number of those Conservatives who had originally opposed the EEC, like Sir Derek Walker-Smith and Mr. Hugh Fraser, were now actively supporting it.

Of the feeling among Tories in the country at large, she said: "I think there is probably a small minority against, as there has been in Parliament — and it is getting smaller." She pointed out that at the Conservative party's recent Scottish conference only four people had voted against British membership. These, she argued, were the most recent and telling figures.

One questioner wanted to know if she had any explanation for Mr. du Cann's remarks. Was he "off his rocker"?

"No, of course not," said Mrs. Thatcher. He was just one of the small minority who had been opposed to Britain in Europe and had abstained on the first free vote on the Market in 1971. It was not for her to say why he had made his remarks at this time.

However, she did acept Mr. du Cann's assertion that the strong support of successive Conservative leaders for the Market had been a major factor in influencing the thinking of the party rank and file. She commented: "I am quite happy that that should be so."

Asked whether Mr. du Cann had spoiled his chances of a job on the Tory front bench, she replied diplomatically that she had no immediate front bench appointments in mind.

Dealing with the question of whether the "camaraderie" of the referendum would continue after Thursday, she said that Conservatives had always supported the present Government on big national issues when they thought that Labour had been right. Europe and defence were cases in point.

"They get our support when doing the right things but they will not get it when they do something which is fundamentally wrong for Britain.

"You can get unity of action when you get unity of purpose. I don't believe the British people want to go in for more nationalisation, including the nationalisation of profitable industry under the National Enterprise Board.

"So long as the Labour Party is committed to the nationalisation of things like profitable industries, we are not likely to have unity of purpose.

"I would be very delighted indeed if the Labour Government would drop these nationalisation plans. That would be the first step to going ahead to solve Britain's economic problems. But I see no signs that they are likely to do so."

Mrs. Thatcher was subjected to long questioning about her "low profile" approach to the referendum campaign over the past two weeks. She denied that she had been "leading from behind" or that she had been maintaining a careful silence.

In fact, she said, she had been on holiday last week. Prior to that, she had addressed several public meetings up and down the country, although these had not specifically been about the Market. The meetings, she said, had been well reported in the provincial Press.

Back in the East Midlands after a fortnight's absence, Colin Jones finds that attitudes to to-morrow's vote have become increasingly serious

The Poles say 'yes'

ON EACH of the last three Saturdays a straw poll on attitudes to Britain's membership of the European Community has been undertaken in the centre of Nottingham by a group of volunteers. In all, they questioned nearly 3,600 people. The split of views was remarkably consistent on each occasion, with some 65 per cent. of those questioned saying they were in favour of Britain's staying-in, 19 per cent. against and 16 per cent. undecided.

The organisers of the poll analysed the results according to political sympathies, age and occupation. Pro-Market sentiment was found to be strongest among Conservative voters (who split 79:12:8), but there was also a pro-Market majority among Labour voters (56:30:14) and the politically uncommitted (48:23:29). Pro-market attitudes also predominated in all age and occupational groups, but students, young people (20-29 years), and professional people were more strongly in favour of staying in than housewives and retired people.

The reliability of this attempt to divine local voting intentions was, alas, somewhat tarnished by the fact that the exercise was undertaken by a group of Young Conservatives wearing "Keep Britain In" labels. But its indication of a local pro-Market majority—though not the extent of that majority — broadly accords with the private views of leading organisers on both sides of the referendum argument. Even leading "antis" now admit that the outcome in and around Nottingham on Thursday is likely to be a narrow pro-Market majority. It is also generally accepted by the pro-Marketeers that the result will be fairly close in Nottinghamshire and Derbyshire, but they expect to see rather bigger pro-Market majorities in the three other East Midlands counties — Lincolnshire, Northamptonshire, and Leicestershire.

Yet can even the local campaign leaders really tell what people are thinking and, more important, what they will do to-morrow? The hardened professionals who have taken part have found it a most unusual campaign, quite unlike a general election. At the local level there has been an almost total absence of personalities, much less activity, and very little excitement. More important still, there has been hardly any two-way contact with the electorate other than at meetings which, it is thought, have been attended largely by those whose minds have already been made up.

Mr. Michael English, MP for Nottingham West and joint president of the local anti-Market campaign: Will people vote against an establishment advocating its own extinction?

The local politicians who have been campaigning in and around Nottingham and Derby (and only a proportion have done so) have acted as individuals. With one or two exceptions, their local machines have stood aside. In some cases this was because their activists are split on the Market issue: in others, it was—as one agent told me—to avoid revealing their organisational strengths and weaknesses to fellow campaigners from the other parties.

The same has been largely true, though for different reasons, of the trades unions. The miners, the biggest union locally, the General and Municipal Workers, the next biggest, the Electricians and the Shop and Distributive Workers, are predominately pro-Market, while the Transport and General, AUEW, and ASTMS tend to be "anti" but—again with certain exceptions—they have been inclined to get not too closely involved.

As a result, the two sides have been able to do little more than distribute literature, hold meetings, and secure coverage for their views in the local Press and radio. Very few houses are showing posters—for either side—and there has not been a great deal of systematic canvassing. What there has been has been mostly done by the "pros"—and, though the results show an overwhelming majority for the side that has done the canvassing, the figures are distrusted because they have been produced largely by inexperienced canvassers.

How then can anyone tell how the vote may go? My own impression is that, as in other parts of the country, the referendum has aroused a much more serious interest, a much greater yearning to find out the "facts," than politicians seem to have realised. As a result, many people still profess to be confused. They are not sure where the truth lies and they express a sharp distate for the trivialisation of the national campaign.

There were signs of this at the outset when public interest was much less evident. It is even more notiveable now. Meetings organised as debates between the two sides have attracted appreciably larger attendances and a more impressive standard of questions than those devoted exclusively to one side of the argument. When literature has been handed out, it has often been the "heavier stuff" that—to many organisers' astonishment—has been demanded.

Notwithstanding the consistency week by week shown by the YC poll mentioned earlier, I also had the impression of minds still being changed and re-changed. On this issue as at general elections there is a high degree of volatility in public attitudes. "The floating voter is still floating," as one local MP told me. A lot could thus depend upon turnout to-morrow—which, again, is anyone's guess. Many leading "pros" confess to being worried on this score, even though they plan to have loud-speaker cars touring most of the wards throughout the whole East Midlands. The "antis" are also concerned that their side will suffer from differential abstention, particularly on the council estates where canvass returns show an apparently strong anti sentiment.

Here the pro-Marketeers may have the edge, for their organisation is undoubtedly stronger than that of the "antis" with a better chance of getting the vote out on the day. The "pros" had by far the more successful rally in Nottingham's Market Square last Saturday — perhaps partly because of their luck in drawing the afternoon "slot" rather than the morning one, but perhaps also because they decided to open their rally with a motor cavalcade led by a West Indian steel band. (Not all their moves have been as successful: when they announced that the leaders of the local Polish community had come out in favour of Britain's staying-in, the local Ukrainian community leaders — who have a traditional antipathy for Poles—promptly decided to be officially uncommitted).

The pro-Marketeers may also have an edge on the issues. The two key ones, here as elsewhere, have been food prices and jobs. But, while both sides agree that the "antis" have been able to obtain a great deal of mileage out of the prices issue, their arguments about job security have been less successful. Because of its wide industrial diversification, the East Midlands has been relatively shielded from the worst of the economic cycle. The present recession is now biting locally and many people are distinctly depressed by the country's economic situation. But the region has never know a real slump. Similarly, with the sovereignty argument. As Mr. Michael English, Labour MP for Nottingham West and joint president of the East Midlands Get Britain Out Campaign, said to me: "Are the public going to vote against an establishment which (in his view) is advocating its own extinction?"

. . . but 1922 chairman says loyalty hides division

BY JOHN HUNT

MR. DU CANN, who is chairman of the influential 1922 Committee of Conservative backbenchers, made his allegations about Conservative divisions over the Market in a speech in his Taunton constituency last night. Although he has not been a leading anti-Marketeer, he has never voted in favour of the Community.

He dwelt at length on the strong Left wing character of some of those who supported the Market and saw this as a good reason why loyal Tories should oppose membership. Suggestions that Conservatives should vote for staying in the EEC because most Left wingers were against it were, he declared, "perfectly ludicrous."

He emphasised that the Labour Government under Mr. Wilson had recommended a vote for the Market and that the Italian Communist party was also pro-Market.

"It would be more logical, therefore, to argue that all good and loyal Conservatives should actually be opposed and vote against. The case for voting against is strengthened when one considers the size and influence of Communist parties on the Continent.

Muted

Mr. du Cann thought that the European ideal had led some of its protagonists to become carelessly over-zealous in their arguments.

In a passage, news of which had already aroused controversy before the speech was delivered, Mr. du Cann dealt with what he said was the split in the Conservative party on the question of Europe. "The whole nation is divided on this issue. The Labour party is hopelessly split.

"Official Conservative policy it may be to remain a signatory of the Treaty of Rome, but the Conservative party is divided too.

"The division may show much less than the split in the Labour party which is now taking personal and bitter forms, but it is real nonetheless.

"It is muted for one good reason. The Conservative party is naturally loyal to its leaders, past and present, and wishes to support them, or at least not be seen to oppose them, whenever possible.

"Were this not so, I have no doubt that at least as many Conservative party members would be publicly seen to be against our remaining members of the EEC as are in favour.

"Perhaps there might even be a majority for withdrawal. For membership of the EEC is bound to offend against much of our history and the consequent attitude of the Conservative party."

Loyalty to one's country and its best interests should be put above party loyalty. Conservatives should vote in the best interests of the country. No other loyalty should be allowed to count.

'No' decision threat to price of brandy

BY KENNETH GOODING

COURVOISIER, one of the leading cognac producers, has held back completing its U.K. marketing plans until the result of the referendum is known.

The President the Baron Berti de Dion said in London yesterday that a "No" vote would be bound to weaken the value of sterling against the French franc and force his company to take this into account, and put up prices.

This would be bound to hit the already-sagging demand (down 20 per cent. last year and forecast for another 10 per cent. fall in 1975) and make Courvoisier cut back on promotional expenditure.

Pricing is extremely important to the cognac producers, who feel they lost ground last year—world sales were down 15 per cent.—because the cost of brandy had risen so fast and so far.

The latest duty increases in the Budget enlarged the differential in Britain between cognac and other spirits like Scotch and gin.

The Baron said yesterday: "We have in mind keeping future price increases at a level well below the rate of inflation and thus make cognac look less expensive."

To this end all the producers are accepting narrower margins of profit and the wine producers (who sell to the cognac makers) have stabilised prices this year.

No Labour split after vote, Ministers insist

BY JUSTIN LONG

FORECASTS that Mr. Harold Wilson will face stormy weather in his Cabinet when the referendum is over were categorically rejected yesterday by pro-Market Cabinet Ministers.

Relationships between Ministers, right the way through the campaign, had remained "extremely cordial," declared Mr. Anthony Crosland, Environment Secretary, at a Labour Party Britain in Europe conference in London.

This assurance was backed by Mrs. Shirley Williams, Prices Secretary. She, too, told any doubting Thomases that friendly feeling between Cabinet Ministers had been well maintained. Her belief was that once to-morrow's referendum was over, Ministers would pull together to make a success of the outcome.

If anyone thought that rancour and ill-feeling among members of the Government were being swept under the carpet, Mr. John Morris, Secretary for Wales, added his testimony that all was well between Ministers.

"Relations have been good," he said. "There's much more to unite us than there is to divide us. . . . I see no difficulty for a Labour Government continuing to do its best and putting Britain first."

It was Mr. David Ennals, Minister of State, Foreign Office, who explained those reports of clashes and challenges and repudiations involving Mr. Anthony Wedgwood Benn and unemployment, and Mr. Reginald Prentice over coalition, and Mrs. Williams and Mrs. Barbara Castle about prices.

The trouble was, Mr. Ennals contended, that the media always picked on the shrillest of the comments made by leading spokesmen. The context, which would have made the comments appear less stark, was too often left out.

"I believe the Europe issue will cease to be a hot party issue once the people have recorded their vote," he said.

Lord Feather, a benign father figure, sitting alongside the Ministers on the platform in his role of president of the Trades Union Alliance for Europe, assured the conference that the same sort of harmony existed in the union movement. "No disturbed relationships there," he said.

But it was pointed out to Mrs. Williams that she, at any rate, had long since made it clear that she wouldn't be prepared to continue in the Government if the referendum verdict went against her pro-Market views.

"That's not quite fair," Mrs. Williams protested. If the verdict went against her views everyone in the Government would still have to exert every effort to make a success of the outcome.

If she, herself, could not then take a part in the Government, she would still do nothing to harm its endeavours.

LABOUR NEWS

Town hall manual workers may seek interim rises

BY LORELIES OLSLAGER IN ABERDEEN

UNIONS representing 1m. local Government manual workers may consider asking for interim pay rises if they do not get satisfaction on their £46m. claim for restoration of pay differentials, the General and Municipal Workers' Union was told yesterday. The unions are already considering a similar claim for some 250,000 hospital ancillary workers.

But Mr. Charles Donnet, the GMWU officer responsible for local government and the Health Service also told the union's *annual conference in Aberdeen* that workers in the public sector now had to reckon with extremely stiff Government opposition to any pay deal outside the social contract guidelines, such as interim pay rises.

As far as local governments are concerned, Mr. Donnet said: "We are not in a free wage bargaining situation at all." Local authorities were caught between *a ratepayers' revolt and the* Government clampdown on public expenditure.

Mr. Donnet gave instances of pressure brought by Westminster *on local authorities* to make them resist the claim on differentials, which has now gone to arbitration. The arbitration tribunal's decision is expected later this month.

Not only had the Government repeatedly told the employers that it was not prepared to help finance pay rises resulting from acceptance of the claim, but it had recently warned that councils which *did not comply* with the Government's standing policies, could be punished by a reduction in their rate support grants.

Mr. Donnet said he hoped the arbitration tribunal would look at the claim on its merits, free from Government interference and pressure.

The unions had already raised the question of an interim pay *rise for* hospital ancillary workers at the last routine meeting with the employers a week ago. Stressing that prices had gone up 14 per cent. since the last pay agreement had been concluded in December. But the employers had replied with a flat refusal and the unions would return to the attack at the next meeting with the employers in a month's time, Mr. Donnet said. But they are not expected to put on strong pressure for the time being.

Under the December agreement, the employers have promised to review the effects of inflation at each meeting with the unions.

The conference unanimously passed a resolution calling for increased financial allocations to the National Health Service. It also said that all private treatment in NHS hospitals should be ended and income-tax and corporation tax relief on insurance premiums for private medical treatment should be withdrawn.

Scottish ambulance strike threat

BY OUR LABOUR STAFF

AMBULANCE OFFICERS in Scotland have threatened to strike from next Tuesday unless the employers can show them that a national pay agreement reached in London last week will not, as they fear, mean little or no increase in salary for them.

A similar complaint and strike threat by London officers has resulted in the TUC investigating an inter-union dispute about officers' bargaining representation.

The 500 officers in London, mainly members of the Greater London Council Staff Association, have threatened to stage industrial action in about a fortnight.

The GLC staff association complained to the TUC at their lack of representation on the Whitley Council, set up for ambulancemen when control of the service passed from local authorities to the Department of Health last April.

The TUC has written to the main unions—the National and Local Government Officers Association, the National Union of Public Employees and the Confederation of Health Service Employees—asking for their views.

The proposed deal gives a national pay structure for the 3,000 officers but, say the London men, at the expense of traditionally higher earnings in the capital.

Under TUC procedure, the issue could result in a conciliation hearing, or a binding award by its disputes committee.

● Ambulancemen in Coventry held a lightning strike yesterday, leaving scores of hospital out-patients stranded without transport. The stoppage was in support of a campaign to get a Coventry *special* pay allowance of £6 a week restored to wage packets. It was taken away last November when control of Coventry's ambulance service went to the West Midlands authority.

Lucas: Talks on job loss threat start to-day

By Our Midlands Correspondent

TALKS BEGIN to-day on the future of nearly 3,500 workers in the electrical and brake divisions of the Lucas group, who are threatened with redundancy because of the continuing production run-down in the vehicle *industry*.

Unreplaced natural wastage has already resulted in about 1,200 fewer jobs over the past year. Even so, most of the factories in the Midlands, North-West and Wales have been working three and four days a week for many weeks.

The cumulative effects of cuts in production of about 20 per cent. by British Leyland, Chrysler and other customers in the vehicle industries—exacerbated by strikes, as at Chrysler and Massey-Ferguson —, and slackening export demand have hit universal suppliers like Lucas Electrical and the Girling brake division severely.

Girling has announced already that it will make 15 per cent. of its 6,750 labour force redundant in the next three months. While the Lucas Electrical figure has not been released, the percentage is expected to be about the same among its 16,000 employees.

The talks, expected to last for three days at the Lucas headquarters in Birmingham, are being attended by stewards from all the unions involved.

Bakers defy militants with 25% claim

BY OUR LABOUR STAFF

BAKERS' UNION delegates yesterday threw out a call for pay increases of up to 104 per cent. in favour of a 25 per cent. social contract claim.

The decision, taken at the union's conference in Skegness, Lincolnshire, followed a bitter attack by Mr. Stan Gretton, the general secretary, on "outside politically-motivated interference" in the union's affairs.

The original motion for a £60-a-week minimum for a 35-hour week was described by Mr. Gretton as "sheer nonsense involving outside influence" was subsequently withdrawn.

Advising delegates that they could not operate as though the other 54m. members of society *did not exist*, Mr. Gretton *urged* them to press for an increase of not less than 25 per cent. to maintain the standard of living of their members—increasing the basic wage for a 40-hour week by £8.10 to £41.

He considered this within the social contract. It could be achieved without members being "kicked in the teeth" and would rule out the need for arbitration.

He said of the £60-a-week claim: "If conference considers passing a resolution of this sort, then the only assumption I can make is that the resolution involves outside influences."

This would enable a few members to report back "not to the members they represent, but to a meeting in Birmingham or Liverpool chaired by someone who is not even a member of our union," he said.

After an hour-long debate, delegates accepted Mr. Gretton's advice by a majority of four-to-one—a significant victory for the general secretary who was last year forced into sanctioning an *official pay strike after failing* to contain pressure from militants, especially in the North West.

By accepting his recommendation, delegates would be saying to the militant minority that the union reserved the right to conduct its own affairs "without outside, politically-motivated, interference."

Postmen's union backs contract

Post Office Engineering Union delegates yesterday backed a resolution supporting the social contract against the advice of the national executive, which asked them to wait until the contract had been "renegotiated." An executive resolution opposing wage restraint was also carried, however.

The delegates—at the union's conference in Blackpool—endorsed their recent national 20.9 per cent. pay deal (which included threshold payments).

Smithfield drivers to study offer

By Our Labour Staff

ABOUT 70 drivers on strike at Smithfield meat market, London, will to-day hear the terms of a pay offer from the haulage companies.

Deliveries to butchers' shops have been little affected so far, according to a traders' spokesman yesterday, but could be hit—particularly long-distance deliveries — if the men reject the offer at their mass meeting.

The men, members of the Transport and General Workers' *Union, walked out on Monday* over a claim for parity with drivers in other markets. Those butchers who use contract carriers — more than half the trade — have been bringing their own transport.

The offer is thought to involve an increase in basic rates with some trade-off on other earnings, particularly guaranteed overtime pay.

ACAS move to end print union stoppage

By Roy Rogers,
Labour Correspondent

THE ADVISORY, Conciliation and Arbitration Service is trying to bring together the two sides in a dispute over the manning of revolutionary new printing equipment which threatens to prevent the launch of a new Peterborough evening newspaper.

Sharman Group management and national officials of the National Graphical Association have both been involved in exploratory talks with ACAS officials.

Launching of the new paper, from the Peterborough works which produces five weeklies, has been postponed by a two-week-old strike of 42 NGA members in protest at the lack of consultation before the introduction of new computerised machinery which by-passes much of the traditional NGA work.

The NGA, which is worried that the new technology will mean redundancies or in the longer term the disappearance of the union altogether, wants a national agreement with employers and the National Union of Journalists allowing NGA members to man keyboards *in the new Optical Character* Recognition equipment.

Experiments have been under way at four newspapers using equipment loaned from the manufacturers as part of the move towards such an agreement. However, these have been halted by a separate NGA pay dispute.

ASTMS picket set at GEC Kirkcaldy plant

BY OUR LABOUR STAFF

A MASS picket of the GEC factory at Kirkcaldy, Fife, has been called for to-day by clerical workers in dispute over a pay claim.

An official of the Association of Scientific, Technical and Managerial Staffs, said that union members from all over Scotland would join the picket line.

He said the members had been locked out following an overtime ban and work-to-rule imposed when pay talks broke down.

ASTMS is also involved in two of the three other quite separate pay disputes within the GEC group. At Liverpool about 350 staff yesterday called off a campaign of selective strikes, which has lasted over five weeks, following further talks on their claim for a substantial increase.

In Coventry 1,200 engineers at the GEC Telecommunications plant, claiming to have been *locked out for nine weeks, are* looking for a further offer from the company over their claim for £2.50 a week extra to give them parity with Post Office workers in similar jobs.

An ASTMS spokesman said he was hopeful of a new offer following clarification talks last Friday.

The fourth dispute involves 2,500 manual workers in another division of GEC, the power engineering division. Workers at Stafford plant, claiming £10 a week, have threatened to strike from Friday over an eight-month, two-stage offer worth £5 for skilled men, and slightly less for others. Further talks are expected to produce a new offer before the deadline.

IN BRIEF

Blank screens

Scottish Television may remain blacked out for the rest of the week following a vote by 170 technicians yesterday to continue their strike over pay. Technicians in all other ITV companies returned to normal working last week.

Waves of protest

The Electrical and Plumbing Trades Union is organising a petition among its members and a lobby of Parliament on July 8 to protest at the 25 per cent. rate on consumer electronics products. Several hundred workers in colour television manufacture have been made redundant since the recent Budget.

UCATT call

Leaders of the Union of Construction, Allied Trades and Technicians, yesterday referred to the TUC without a vote a resolution from its southern region calling for a one-day stoppage of UCATT members to secure the release of the two Shrewsbury building pickets.

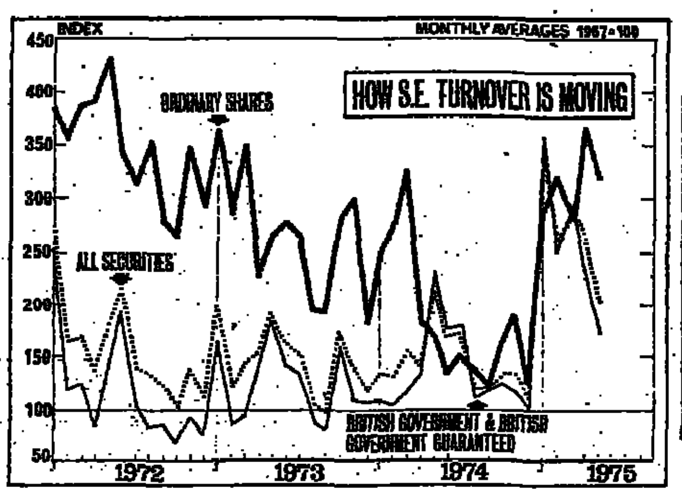
STOCK EXCHANGE BUSINESS IN MAY

Equity turnover fails to keep pace with April boom

BY GEOFFREY FOSTER

TURNOVER OF £1.8bn. in the equity market in May failed to keep pace with April's £2bn. which was the highest since the May 1972 record of £2.1bn.

The Financial Times Turnover index for Ordinary Shares receded to 319.5 in May, compared with 365.0 in April but was still well above the 1974 *average of only 187.6.* The number of bargains decreased by 79,439 on the month to 458,320, but the average value per bargain improved marginally to £3,906 from April's £3,803. There was one trading day less in May than in April.



Business in gilt-edged also contracted once more, falling £1.4bn. on the month to £4.1bn., the lowest total so far this year; it has now fallen over 51 per cent. from last January's all-time "peak" of £8.4bn. The decline took in a drop of £1.6bn. to £2.5bn. in short-dated issues. The number of gilt-edged *bargains fell by 6,685 to 50,934* with a contraction of 3,331 to 22,942 in the shorts.

The Financial Times Turnover index for British Government and British Government Guarantee Securities fell to 174.6 in May (the lowest so far this year) compared with April's 233.2 and last January's "all-time high" of 356.9. The 1974 average was 135.0.

Turnover in All Securities fell by £1.9bn. to £6.7bn., the lowest this year and some 39 per cent. down from the January all-time peak of £10.9bn. The Financial Times Turnover index for All Securities of 204.1 in May, compared with 263.8 in April, 287.4 in March and 335.8 (all-time peak) in January. The 1974 average was 144.9.

Prices of equities reacted rather violently in the early stages on further gloomy economic views but then moved sharply higher on slightly increased demand in a thin market. The upward movement was exacerbated by stock shortage which culminated on May 20 in the highest index level for 18 months. Thereafter, there was a turndown in both interest and prices as investors took to the sidelines ahead of to-morrow's EEC vote.

From an end-April level of 327.2, the Financial Times Industrial Ordinary share index touched 311.1 on May 6 but forged ahead to touch 355.9 on May 20, its highest since December 3, 1973. It closed the month 17.9 up at 345.1, which was 199.1 above January's 20-year "low" of 146.0.

May proved to be another quiet and uncertain month for gilts, fresh cuts in interest rates being countered by weak sterling and the continuing inflationary spiral.

During May the Government Securities index moved narrowly between extremes of 58.14 and 56.55 before closing at 57.84 for a net rise of 1.15 on the month. This compares with the 1975 "high" of 62.34 on March 20.

Gold Mining shares in May climbed to new heights. Prices moved erratically for the most part, but took off against a background of a buoyant bullion price; the firm investment dollar premium also helped. Standing at 375.3 at the end of April, the Financial Times Gold Mines Index dropped to 362.2 on May 5 then advanced strongly to a best-ever 442.3 on May 22 before closing at 429.0, for a net gain on the month of 53.7.

The price of gold bullion ranged between $163.75 and $174.5 before closing only $1 higher on balance at $168. The investment dollar premium picked up 8½ per cent. on the month to 110 per cent.

Category	Value of all purchases and sales £m.	% of total	Number of bargains	% of total	Average value per day £m.	Average value per bargain £	Average no. of bargains per day
British Govt. and British Govt. Guaranteed: Short dated (having five years or less to run) ...	2,513.0	37.3	22,942	4.1	119.7	109.538	1,092
Others ...	1,613.1	24.2	27,992	5.0	76.8	57,626	1.333
Irish Govt. ...	281.5	4.2	2,685	0.5	13.4	104.836	128
U.K. Local Authority ...	276.4	4.2	7,085	1.2	13.2	39.008	337
Overseas Govt. Provincial and Municipal ...	36.3	0.5	1,803	0.3	1.7	20.121	86
Fixed Interest Stocks Pref. and Prefd. Ord. Shares ...	151.2	2.3	42,140	7.5	7.2	3.587	2,007
Ordinary Shares ...	1.790.3	26.9	458.320	81.4	85.2	3.906	21,825
TOTAL ...	6.661.7	100	562.967	100	*317.2	*11.833	*26.808

* Average of all securities.

People to decide on Hull m-way

Financial Times Reporter

A PUBLIC questionaire will decide which routes the Eastern end of the M.62 Motorway will take to Hull docks. The Department of the Environment yesterday published a consultation document which gives three choices with seven computations, for the £15m. proposed South Docks Road route from the Humber Bridge to the big passenger terminal at the port.

The Department admits that improved road conditions will increase traffic problems for Hull, with more heavy lorries passing through built-up areas. It also admits that if some of the route proposals are accepted, houses will have to be demolished; the road will cut through farmland and recreation areas; and there will be noise nuisance and some restriction to the riverside. But their are compensations.

People who see the proposals in large-scale plan form, when they are on show next week, will be asked to answer a 33-point questionaire to help the experts decide the most popular route.

When the route is decided, Hull Corporation will be able to go ahead with its own City Centre by-pass, which includes building a new £1.25m. high-level bridge over the River Hull.

Cold June delays hay fever season

BECAUSE OF the frosty and snowy start to June, Britain's 3m. *hay fever sufferers* can expect a relatively-easy time of it this summer. Grass pollen is the comonest cause of hay fever and because of the cold spring the hay fever season is getting off to a later-than-usual start.

The Asthma Research Council, which carries out pollen counts for sufferers in London and the home counties, announced yesterday that its counts would start next Monday. But Dr. Roland Davies, who prepares the council's bulletins, predicted a "relatively-mild season for the average hay fever sufferer.

"*In view of the lower-than-*average temperatures in April and May, pollen production is later than usual this season and is expected to be from low to moderate, with up to 23 days of high pollen counts (above 50) and up to a dozen days of every high counts (above 100)," he said.

The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● RESEARCH

New process comes to light

A GALLIUM phosphide production system has been evolved by Metals Research in a three-year programme backed by NRDC. One result expected very soon is a down-pricing of gallium phosphide that will make it competitive with gallium arsenide phosphide. This could bring a twinkle into the eyes of watchmakers and the manufacturers of pocket calculators.

The pocket calculator phenomenon became possible only when miniaturised lighting had been conjured up to match miniaturised circuitry. The light-emitting diode, or LED, played a vital part in the creation of the new market.

With substrates made from gallium arsenide phosphide crystals, these tiny solid-state point-lights are strung together to form the numerals that a pocket calculator displays. But gallium arsenide phosphide lacks versatility in one respect. It is strictly a red-emitter, and red light is not always best for the purpose. Green, amber or yellow may be preferable in some conditions, and to some people in all conditions.

These cool colours have been available from LEDs but only from those made with the much more expensive substrate material, gallium phosphide. For some purposes (in research or for colour-coded indication) the extra expense has not been prohibitive and LEDS have made headway, but not in the fiercely cost-competitive pocket calculator market, and in the digital watch market they have had to compete with liquid crystal displays.

Economic

Now all that could change. The new crystal "puller" developed by Metals Research grows gallium phosphide crystals much more economically than any previous machine.

It works on the Czochralski principle, using liquid encapsulation and high gas pressure, but several practical "wrinkles" have had to be acquired before economic yields could be obtained by growing large crystals. The new puller is described as easy to work, clean, and fast in turn-round.

Called the Melbourn, it is 16 feet high, weighs 3 tons, and *produces unprecedentedly* large crystals—up to 5 kg in weight and 3 inches in diameter—with a dimensional consistency that minimises wastage of material. In fact, the automatic control system keeps the diameter of the pulled crystal within 1 mm. of what is specified.

The cost of epitaxial wafer from gallium phosphide crystals made with current pullers is about $40 per square inch, compared with $12 per square inch for gallium arsenide phosphide. And it is in this region that Metals Research expect Melbourn-pulled gallium phosphide to compete directly with gallium arsenide phosphide. The company foresees capture of a big share of the LED market, and particularly for use in digital watches, where the low power consumption of LEDs is a special advantage.

Metals Research, Melbourn, Royston Hertfordshire SG8 6EJ. 0763 60611.

● HEATING

Insulation of furnaces

STEEL-BACKED panels with graded insulation faced with ceramic fibre at the hot face are being offered for use in furnaces by Clinotherm, Cosmos House, 1 Bromley Common, Bromley, Kent. (01-464 5421.)

These panels are available in various sizes so that a complete furnace can be built up by bolting together individual panels. Where an existing furnace has to be lined this is achieved by means of the Pyrobloc system in which ceramic fibre in the form of 1 feet square blocks are fixed to the wall in a single operation by means of a stud welding system.

The company says that both Clinotherm panels and Pyrobloc make use of fibre on-end which considerably enhances the properties of ceramic fibre making it less subject to divitrification and progressive erosion through lamination of the fibres. The *end-on fibre is also tougher and* less subject to erosion from high velocity gases. Ceramic fibres can now be used for temperatures up to 1,500 degrees C, it is asserted.

Clinotherm says that by using ICI Saffil high temperature fibre it has been possible to construct a steel works soaking pit cover with only 1½ inch of insulation between the hot interior (1,350 degrees C) and exterior.

Collects more solar energy

ACCORDING TO Harshaw chemical one of the best finishes for the heat absorption surface of solar energy collecting panels is the company's ChromOnyx black chromium decorative plating.

Solar energy researchers in the U.S. tested different finishes on sealed roof panels (about 2 x 10 feet) using them to heat a transfer fluid which circulated through a heat sink to store the energy.

Apparently the plated finish was found to be attractive because it offers high absorption in the solar spectrum and has very low infra-red emissivity, which means that it absorbs the sun's heat well and loses comparatively little of the energy collected.

The best results were obtained when the matt black chrome was plated on dull nickel which had been plated on buffed steel. Its efficiency is stated to be nearly 10 times that for black paint, the usual finish for solar panels.

The plating materials are *available in the U.K. from* Harshaw Chemicals, PO Box 4, Daventry, Northants.

● MATERIALS

Dispersion media

HIGH-DENSITY zirconium oxide media for use in mills for high-volume dispersion of paint, ink, paper coatings, iron oxide coatings for magnetic tape products and other formulations have been introduced by the Zircoa Division of Corhart Refractories Co., a Corning subsidiary. Dispersion mills operate by agitating mill *media to break up agglomerates* in a batch formulation.

Zircoa reported that substitution of Zirbeads dispersion media for Ottawa sand or glass beads in unpressurised open mills allows processing of high viscosity pre-mixes. They also provide capability to process formulations that formerly had to be batch-processed in relatively expensive ball or pebble mills.

The zirconia beads also are ideal for the newer pressure-sealed mills that are designed to run with high-density media. These mills have the ability to process pre-mixes with viscosities up to 50,000 centipoise.

With a density of 5.4 g/cm3, their wear rate is 0.10 per cent. weight loss per minute as measured by an accelerated wear-rate test.

Corning Glass International, SA, la Cumberland House, Kensington Court, London W8 5NP.

● TRANSPORT

Tachographs checked in minutes

ONE OF the first Hartridge tachograph test installations in the U.K. enables the operators, K. T. Trucks, Dartford, Kent, to check tachographs in the workshop within three minutes.

The test machine, which overcomes the time consuming problem of road testing vehicles, checks the number of tachograph drive cable revolutions per kilometre (turns-distance ratio) and the effective circumference of the tyre. This enables the correct tachograph gear ratio to be readily selected in the shortest possible time.

Although the installation at K. T. Trucks is flush floor fitted, the low profile design enables the equipment to be mounted on a level floor in any convenient area in the workshop—ramps are available so that the vehicle wheels can be positioned on the support rollers.

The equipment was developed by Leslie Hartridge, Buckingham (028 02-3661)—a Lucas company. The company has just published an injector pressure wall chart for more than 100 popular makes of diesel engines covering a total of almost 1,000 *applications. The chart includes* a guide to nozzle fault tracing, and is available free.

● SAFETY

Fire damper under test

STAINLESS steel curtain type fire dampers ranging in size from 4 inches x 4 inches and 4 inches diameter to 10 feet x 6 feet, have been subjected to a four-hour continuous heat test to a temperature exceeding 2,000 degrees F at the Fire Research Station, *Boreham Wood.*

It was intended to find out how they behave under fully developed fire conditions. These followed a time/temperature relationship where the temperature at four hours was 1,153 degrees C (2,107 degrees F).

Results of the test, requested by Don V. Powell and Partners, of Altrincham, Cheshire (061 941-2161), the distributor for Hart and Cooley NV Belgium, will be judged on the integrity of the elements of the dampers' construction which have an operating function. Preliminary indications appear favourable. *But the FRS conclusions must* be awaited.

The dampers have already passed the stringent tests devised by the Underwriters Laboratories Inc. of America and an hour-long exposure to the heating conditions of BS 476: Part *8 which was also undertaken at* the Fire Research Station in Boreham Wood.

● PRINTING

High-speed typesetting

CHARACTERS ARE "written" on a ten-inch cathode ray tube and transferred at speeds up to 1,000 newspaper lines per minute via photo-sensitive material in the 7400 phototypesetter announced by Harris Intertype, 145, Farnham Road, Slough, SL1 4XD (Slough 34666).

Input to the machine can be on-line *from* a Harris information handling system for operation from several keyboards with correction, editing, etc., or from magnetic tape, to provide the high speeds. From a paper tape holding pre-processed copy in six or eight level code, via a standard tape reader, 500 newspaper lines/min. can be set.

A combination *of magnetic* core and disc is used to store digitally each of four master point sizes (7, 14, 28 and 56 point) which can be magnified or reduced to provide a point size range of 5 to 96 point in 0.1 point increments. The basic machine can store *20* on-line type faces in each of the four sizes, with up to 128 characters in each font.

Initial models will be for up to 68 pica line length, but the hardware philosophy allows 100 pica, to be introduced later; 68 pica models will be capable of upgrading later on customers' *premises.*

Between 5 and 72 point the character resolution is from 1,000 to 500 lines per inch, reducing to 420 lines per inch at 96 point. Faces can also be electronically condensed, expanded or obliqued.

Mixing of faces/sizes at high speeds is possible since choices are made at electronic speeds and because the machine "reads ahead" allowing the requisite commands to be initiated ahead of setting. In addition up to 24 points of *leading* can be achieved instantaneously.

An optional built-in on-line processor-dryer for stabilisation paper can be provided, and the system can also be equipped with powered cassettes, a drop box, or can be fitted to a user's darkroom. Prices start at about £40,000.

● METALWORKING

Complex pipework involving multiple bends can be quickly reproduced by using this computer-aided system called Vector marketed in Europe by Addison Tool Company, Westfields Road, London, W.3. The company says that to reproduce such a part previously up to five hours would be necessary to arrive at the correct setting for angle and plane of bend as well as distance between bends. Also, the setting must compensate for material spring-back and elongation at each bend. Now it can be done in under 10 minutes, it is claimed. The system comprises two parts, Vector 1 and Vectorbend. In Vector 1, the data to produce the finished part is accumulated and translated into coded instructions which are fed into Vectorbend, which actually produces the part.

Protects against overload

MACHINERY AND tooling subject to dynamic loading can be protected against overload damage by a sensing system developed by the Production Engineering Research Association, Melton Mowbray, Leics. (0664 4133).

Known as the Tru-trip, the system is stated to be suitable for most power presses and other machines such as press brakes, nibblers, cold heading machines, hot and cold forging *machines and stone crushing* machines.

Should either of two pre-set levels of loading be exceeded during operation of the machine, the instrument will provide separate electrical signals which can be used to actuate any two operations which might be required from a number of alternatives.

For example, the signals could be used to provide a count of loaded strokes, to give audible or visual warnings of machine *or tool overloading, or to switch* off the machine. A portable meter can be connected to the unit to record maximum loads.

● ELECTRONICS

Close check on circuits

PLESSEY TRAFFIC and Instrumentation, Poole, has brought out Vista-Visual Inspection Systematic Traversing Apparatus—a scanning system designed to check printed circuit boards after *screening and plating.*

This equipment provides systematic screening of printed circuit boards on a large screen giving a ten-fold magnification. The boards are shown in natural colour and in stereo, enabling flaws and errors easily to be identified. Holes that have been plated through can be checked and track dimensions measured directly on the screen. Microscopic viewing is also available for a clearer definition.

The apparatus enables faulty areas to be re-worked without removing the board for Vista. Once corrected, the operator can return the PCB to its original *position and continue the checking process.* It is simple for the supervisor to monitor the work being carried out.

Because of its magnification capability and natural colour, Vista could also be used to check artwork and film.

Plessey Traffic and Instrumentation, Data and Telegraph Unit, Sopers Lane, Poole, Dorset (02013 5161).

● COMPUTERS

Eastern problems

THOUGH direct confirmation is difficult there are a number of reports that the Comecon-built RJAD general-purpose computer series has run into trouble.

RJAD is the Eastern European version of a general-purpose computer series, in which production is shared among the countries concerned. It is meant to be IBM 360 compatible.

It might be said that the tales of troubles are Western computer manufacturer inspired, in that were the RJAD Series to prove successful their Eastern European sales would be cut; nevertheless, the situation currently *seems to be the reverse.* First reports that there might be problems have, it seems, arisen within Poland and Czechoslovakia.

They indicate that RJAD series deliveries are running behind *schedule, which in itself would* not be unexpected, for in trying to create it the Comecon countries are seeking to manage a most complex exercise in international industrial co-operation.

Systems returned

More importantly, it is being said that some RJAD systems have been returned to the manufacturers. The troubles are believed to have occurred primarily with the RJAD 1020 manufactured at Minsk in the Soviet Union. This system is roughly equivalent in power to the IBM 360/40.

The problems are thought to be CPU problems arising from its method of manufacture. There is said to be a lack of balance among components primarily due to settling for those available rather than those exactly specified. These electronic problems have in their turn caused operating system problems.

The machines returned are *said to have been sent back* mostly by experienced users in Czechoslovakia. An indication that there might be some substance to these reports can be inferred from a recent statement by the Czech Embassy in Washington which stated that they had placed orders for eight systems with IBM.

IBM has confirmed the existence of three of these systems orders and states that they are for a 370/145, a 1?? and a 125. They say, however, that these three systems have been ordered over the last two years, which would put them in the pipeline before the RJAD troubles became apparent.

Not confirmed

The existence of orders for the other five systems cannot be confirmed. They are thought to be for 370/125-135s, the range which the RJAD computers that failed were in.

Meanwhile other reports have it that Sperry Univac has sold in the region of twelve 90/30s in Eastern Europe, the majority of these bound for Czechoslovakia.

In both cases, reports indicate that the computer systems involved are bound for Eastern European installations which had RJAD systems or were expected to take them.

Specialists in Eastern European trade indicate that they expect more sales to arise as the result of RJAD problems. The belief is however that this will be a one-time upsurge.

How temporary this will be will depend upon the criticality of the applications awaiting computerisation and their place within the production programmes of Eastern Europe.

The problems do not seem to have affected the sales of other than American computer manufacturers; ICL reports little change or unusual interest.

That there are problems is in itself not surprising — the recent CII trauma is a case in point.

● HANDLING

New design discharger

VIBRATION AND a new design helps a bin discharger to deal with the problem jobs.

It has proved highly successful in discharging difficult materials from silos at very high maximum rates and in one instance is being used to unload wheat offal, having a bulk density of 13 pounds/cubic feet, from 50 ton capacity concrete storage bins into bulk road vehicles at a maximum rate of 90 t.p.hr. Bridging of the material in the silo is eliminated, as is also segregation.

The discharger can be very effectively used to control the flow of free-flowing materials as, when closed, it prohibits flushing or leakage. It is a British invention, designed and developed in the U.K.

Alval Engineering, Main Street, Upper Largo, Fife, Scotland. KY8 6EN. Upper Largo 225.

● COMPONENTS

Spool valve is reliable

TEN MILLION operations without faults are claimed for a *whisker-operated version* added to a range of ¼in. BSP pneumatic spool valves manufactured by Enots Lichfield, Staffs, a subsidiary company of Imperial Metal Industries. The valve is available in three port, two position (3/2) and five port, two position (5/2) configurations.

Minimum operating load for the valve at 6.3 bar (90 lbf/in²) line pressure is 28.2g (1 oz.) and the load needed vertically to deflect the whisker 12.7 mm. (½ inch) at the top is 85g (3 oz.). The minimum operating horizontal travel at 6.3 bar (90 lbf/inch²) feed pressure is 8.6 mm. (0.35 inch).

Enots is at Lichfield (54) 5415.

The Executive's World

EDITED BY JAMES ENSOR

A Prince, Cognac and a Workers' Co-op

BY DOINA THOMAS

TAKE A THOUSAND-year-old noble name, blend gently with a 45-year-old co-operative and the result is an eminently potable cognac called Prince Hubert de Polignac. It is also a mixture likely to tickle the fancy of British managers at this moment—a worker's co-operative (though some of the workers are exceedingly rich) using the name and personality of one of France's most distinguished aristocrats to their mutual profit.

Unlike the general run of British co-operatives, however, many of the co-ops in France are apolitical which takes some of the spice out of the situation. M. Jean Coussié, managing director of the Frs. 87m. turnover Co-operative de Cognac which markets Prince Hubert de Polignac (the brandy, not the man) insists that all members of the co-op must avoid involving the organisation in any political affairs.

This particular co-op, like most co-ops whether British or French, was born out of economic necessity. Then as now, the cognac market was facing a downturn in sales but to-day the cognac producers are better equipped to face the subsequent problems. "Our co-operative was born out of simple necessity," says M. Jean Coussié, whose father in law was responsible for its creation, "it takes something close to economic disaster to make the conservative and independent minded vineyard owners get together."

To-day the co-operative numbers some 4,500 members, all of them vineyard owners and some of them also involved in the management of the co-op. In fact a strong hereditary element seems to be building up in this unusual co-op, a factor which might distress the advocates of a more politically minded form of co-operation in this country.

While M. Jean Coussié, son-in-law of the founder of the co-op, is its present managing director, the founder's son Bernard Lucquiaud is deputy managing director, and other members of the family are also involved in the management organisation. But then no doubt sons of the founding vineyard owners have also continued membership of the co-op. And indeed it is difficult to imagine anything as capital and labour intensive as the cultivation of the grape existing without some element of hereditary ownership involved.

And yet the guiding principle of the co-operative is the survival of the many rather than the support of a few. To-day, as when the co-op was founded, this principle is coming dramatically to the fore as cognac sales slip in face of the world recession. "The sales of cognac reflect a standard of living," observes M. Coussié, "and people are feeling that their standard of living is on the decline at the moment."

Worldwide sales last year amounted to around 104m. bottles, 82m. bottles were exported with Britain as the largest customer taking some 20m. bottles alone. But the global sales were down a good 15 per cent. on the previous year and in the first three months of this year in Britain sales dropped by nearly double that amount. The cognac houses are taking collective action—only releasing one-fifth of 1973's production for sale and not selling any of 1974's distillation—but while actions like this will keep prices up in face of slackening demand it will be of little help to the growers faced with the possibility of a bumper crop this summer.

Tasting Prince Hubert de Polignac

The grower members of the co-operative can at least push part of this problem onto the management of Unico-op for it is obliged to buy a proportion of the crop from its regular suppliers.

Not all members of the co-operative are regular suppliers, these number only around 3,500 and "they get special treatment from us because obviously we need regularity of supply," observes M. Coussié. In this a large part of the burden of financing stock, particularly onerous in the production of cognac, is shifted from the individual grower to the co-operative.

It was money that brought together the original couple of dozen growers into a co-operative in 1929 but in those days, although co-operatives were well accepted and had existed for some time in the dairy industry, the banking world was still a little wary of them. "In those days our only capital came from the growers," explains M. Coussie, "and the shortage of capital considerably hampered our early growth."

The banks were by the end of the last war well used to both financing cognac stocks and lending money to co-operatives, fortunately for the birth of Prince Hubert de Polignac (the cognac, not the man, he is slightly older) one of whose brands, Dynastie, contains brandies that have matured for a minimum of 40 years. While the banks receive market rates of interest for their loans the members of the co-operative settle how much they are going to pay themselves by dividend on their shares at the annual meeting, after advice from the management, naturally.

"Because we are a co-operative we are always having to justify our decisions to our members," observes M. Jean Coussié, "were therefore have a very wide structure for disseminating information." The annual meeting of members is the basis of this structure and at least 40 per cent. of the growers attend in contrast to the apathy shown by ordinary shareholders generally.

For ease of communication the membership is dividend into fifteen groups each of whom is regularly visited by the co-operative board of management. Each group elects three representatives who go to the annual policy meeting at which the accounts for the year are also discussed. In adition Coussié meets two or three times a year with the 27 odd distillers associated with the co-operative (some growers also do their own distilling).

When the senior managers are not visiting the growers, "conseillers de co-operative" and "auditeurs libres" are travelling round. The "conseillers" are relatively young people whose main function is to discover what the growers are thinking, worrying about and doing. In a sense the "auditeurs libres" are a more senior kind of management trainee, they actually advise the growers and are the group from which the future management of the co-operative will be drawn.

One of the most important decisions the co-operative's management has made was the one that led to the creation of Prince Hubert de Polignac cognac. "Twenty-five years ago we decided that the future lay with branded products," remembers M. Coussié. "The reason for the creation of our own brand was the desire to achieve some stability of sales."

Until 1950s the co-operative had sold its cognac under other people's names. But being solely dependent on the own-brand trade was precarious, buyers could switch supplies with relative ease. By establishing a brand which only it could create and which would have, hopefully, a loyal and growing following, the co-operative hoped to underpin its sales.

The acquisition of the Polignac name was a fortuitous accident, the Prince happened to offer his name as the co-operative was becoming more convinced of the necessity for a strong brand. It fits in well with all the place names of the region (Salignac, Jarnac — the ending "ac" is widespread in the area).

The brand was gradually introduced into markets outside France during the 1960's but only reached Britain three years ago when cider maker H.P. Bulmer took on the agency. The co-operative does no direct distribution itself, in France where Polignac is now fifth in the market, the Amer Picon organisation distributes the brand.

But the marketing of Polignac is firmly in the hands of the co-operative's management who are now tentatively trying their hand at another product, Reynac Pineau des Charentes, a fortified wine aperitif. Consultants designed the distinctive bottle and the various labels and others are responsible for the advertising. The co-operative is determined to keep its central management numbers right down: for example, although exports now account for over 70 per cent. of sales, the export department consists of only four people.

However it is expanding in other ways. It is part of the co-operative's policy to take as much control as possible over the production of its cognac and to further this aim it has invested in extra distillation capacity. At present it distills about two-fifths of the cognac it uses and plans are drawn up to increase this though at present they are in a state of suspended animation until the market picks up. A new bottling line, where the bottles are rinsed in cognac before filling, was built two years ago and is now due for extension.

Capitalist

But the advances are not all confined to marketing or production. The co-operative is pretty innovative in personnel policies, too (at least by the standards of Cognac), it installed a modern canteen serving food and wine above its new bottling line. The traditional two-hour lunch break has consequently dwindled to 45 minutes and employees leave earlier in the afternoon, and they seem to like it.

The present modest success of this co-operative with aristocratic connections must owe much to its partial adoption of the ordinary capitalist way of managing an enterprise. The co-operative element of the business is not allowed to intrude into the day to day management but shows itself strongest in the willingness of central management to disclose the reasons for its actions. That would seem to argue that disclosure does not necessarily hamstring management.

However Britain is more likely to judge this co-op by the effect of its product on the palate and that is what will determine the success of Prince Hubert de Polignac (the brandy, not the man), in this country.

Fair play for shareholders

BY G. ROSS RUSSELL

THE LAST YEAR has seen considerable debate on the development in the U.K. of various facets of industrial democracy, including worker participation in the boardroom and the rights of trade unions to have access to a company's future plans.

So far the debate has not resulted in a new approach to combating one of the basic conflicts in private sector industry, which is the lack of community of interest between employees and shareholders regarding growth of a company's profits. In simple financial terms the average shopfloor employee is interested only in his wage packet and sees little direct connection between this and the earnings of the company. Yet unless we can establish a community of interest so that employees work for and welcome higher profits, there is a danger that, with the present balance of power in our society in favour of labour rather than capital, our version of the capitalist system as practised in the U.K. will wither and die.

In establishing a community of interest between employees and shareholders regarding growth of profits, the first problem is one of semantics, since left-wing politicians have derided the concept of profits for so long that the word is emotionally unacceptable.

An alternative approach is that the existing equity holders of a company should exchange their existing Ordinary shares for a new class of capital, cumulative preference shares with a coupon indexed to the cost of living. The basis of exchange would be such that the initial dividend payment on the preference shares would be as great as the former ordinary dividend, and the shareholders would be assured that they would be entitled to a dividend which would grow (and diminish) with the cost of living.

In addition, the existing ordinary shareholders would receive say 50 per cent. of the "new" equity capital, and the balance of the new equity would be held on trust for the employees of the company. It might be appropriate that the proportion of the new equity held on trust for employees would reflect the relative contribution of capital and labour to a particular company.

The employees' holding in the new equity capital would be held on trust for all current serving employees of the company and the income from the holding would be distributed annually. The trustees would be elected annually by the employees in secret ballot; they would have discretion in respect of up to, say, 20 per cent. of the income to use for charitable or other purposes (for example, holding reserves to take up future rights issues) and the rest would be distributed to employees. Because only a small amount would be due to each employee, at least in the early years of the scheme, the employees might prefer a lottery whereby a lucky few got a worthwhile sum. Employees in this context could include all employees, including executive directors.

The Trust could not sell the shares other than to accept an offer for the whole of the share capital. An employee would have no claim on the Trust after leaving the company.

The dividend on the preference shares issued to the former equity holders would be indexed to the cost of living: it would not rise as fast as employees' wages, which are likely to have an element of productivity in their annual increase. The shares would be cumulative and preferential: if possible, it might be desirable to give them some rights to call for a liquidation and repayment of capital if dividend were not paid for a period of, say, ten years.

The indexed shares would on issue have a value approximately the same as the current value of existing equity and the new equity capital would grow in value with the future real growth of the company. The benefits of this would be shared by shareholders and employees.

The preference shares and the new equity shares would have an equal number of votes so that an employees' trust holding 50 per cent. of the equity would control one-quarter of the voting power. This would be likely in due course to lead to increased board representation by the employees.

Existing shareholders would be "giving away" half of the benefits of the future real growth of the company, but if the result was a motivated and cohesive work force then the half they retained could be more valuable than that which they give up. Furthermore, the existing shareholders would (subject to profits being earned) be assured of a future dividend from the indexed preference shares which would rise with the cost of living. In the present climate of dividend control and high inflation, there is considerable attraction to shareholders in the idea of an indexed preference share.

BUSINESS PROBLEMS

Overseas securities sales

BY OUR LEGAL STAFF

What would be the situation if somebody sold on the London Market, bearer shares in De Beers Consolidated? Will the full net market price realised in sterling be available to him?

Prices of overseas securities such as De Beers quoted in sterling in London include the dollar premium. On sale by a U.K. resident, therefore, the proceeds already include the premium. However, under the 25 per cent. surender rule it would be necessary to switch a quarter of the proceeds into investment currency to be sold back for sterling at the current official exchange rate.

Striking a company off the register

I have been notified by the Companies Registration Office that a company in which I am a shareholder, unless cause is shown to the contrary, will be struck off the register and the company will be dissolved. Could you let me know the effect of this?

All that is involved is that the company will cease to exist as a separate entity. If, therefore, you have any claim on the company, or if the company has property which would enable it to show a surplus of assets over liabilities so that you would share in that surplus as a contributory (shareholder) you may wish to prevent its being struck off the register.

An estate agent's commission

We acted as estate agents for the owner of a property, but after signing of a contract, and the deposit of £1,000, the purchaser said he was not going to proceed. The vendor demanded reimbursement for loss of interest and damages, which the purchaser is disputing. Was our commission correctly earned? Can we take steps to insist that the balance of the deposit moneys be taken over from our office?

While we do not know if your terms of engagement contain any express provision as to the point at which remuneration is to be payable, the position under the terms which would normally be implied appears to be that you could claim your commission—assuming that the signed contracts were unconditional, binding contracts. You can resolve the problem as to the deposit by invoking a legal process known as interpleader whereby you call on the rival claimants to resolve their claims in litigation if they cannot agree

+

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

THE FINANCIAL TIMES

(Established 1888)
Incorporating THE FINANCIAL NEWS
(Established 1884)

Head Office Editorial & Advertisement Offices:
BRACKEN HOUSE, CANNON STREET, LONDON, EC4P 4BY.
Telephone Day & Night: 01-248 8000. Telegrams: Finantimo, London
Telex: 886341/2, 883897

Birmingham: George House, George Road 021-454 0922
Dublin: 8 Fitzwilliam Sq. ... 785321
Edinburgh: 18 Hanover St. ... 031-226 4120
Leeds: Permanent House, The Headrow 0532 454969
Manchester: Queens House, Queen St. 061-834 9381
Paris: 36 Rue du Sentier 236.86.59 (editorial) 236.86.01 (business)
Bonn: Pressehaus 11/104 Heussallee 2-10 22250n
Frankfurt: 6 Frankfurt am Main, Im Sachsenlager 13 555730 (editorial) 554667 (business)
Brussels: 39 Rue Ducale ... 512 9037
Rome: Via della Mercede 55 ... 678 3314
New York: 75 Rockefeller Plaza, NY 10019 Editorial—212 541 4625 Business—212 489 8300
Washington: Second Floor, 1325 E. Street, N.W., Washington D.C. 202 347 8676
Toronto: 285 Ont. e Charles St. E. 416 921 5575
Jo'burg: 637 Union Centre East Building, Harrison Street (cnr. Pritchard St.), Johannesburg. 838 7009
Sydney: 364 Sussex Street (Cnr. Liverpool Street), Box 3888 GPO 2001 Tel: 619 317, 616 773
Tokyo: 8th Floor, Nihon Keizai Shimbun Building, 1-9-5 Otemachi, Chiyoda-ku Tel: 241 2920

For Business News Summary Ring: 01-246 8026; Birmingham area, 021-246 8026.

WEDNESDAY, JUNE 4, 1975

Battle for the AUEW

ONCE AGAIN the President of the Amalgamated Union of Engineering Workers, Mr. Hugh Scanlon, has used his casting vote in a manner that will effectively deny to many of his members that free, democratic expression of their collective will that he is so fond of proclaiming as their right. His vote serves to confirm the abolition of the postal ballot system for electing the AUEW's 180 *full-time officers: on past* form this could mean that the turnout in future union elections might be halved, or even quartered. The reason is that it is mainly activists who attend branch meetings and vote there: if the postal vote is denied to the rest of the membership its voice is less likely to be heard. *This would be a retrograde* step in a union that is widely regarded as one of the most *democratically-structured* of the big battalions.

The full story is not a happy one to recount in a country that prides itself on its democratic institutions. Three weeks ago the position in the union was that delegates to its rules revision conference had voted 27-25 to retain the postal ballot. Left-wingers then objected to the presence of two delegates from South Wales. The two *were eliminated by a* 4—3 vote of the AUEW's standing orders committee, which was confirmed by the Executive committee—on the casting vote of Mr. Scanlon. This left the rules revision conference split 25—25—and Mr. Scanlon used his casting vote against the retention of the postal ballot.

Appeal

One of the disqualified delegates, Mr. John Weakley, appealed to the union's executive. This body might have *voted in his favour—but for the* fact that one of its moderate members, Mr. John Boyd, won the post of general secretary in a resurgence of Right-wing opinion expressed through the postal ballot. The left voted to have him take up his new position immediately: the result was a 3—3 split on Mr. Weakley's appeal—and yet again Mr. Scanlon used his casting vote in the way most favoured by the Left.

The struggle is not yet over. There could be a further appeal to yet another AUEW committee in October, or there could be a settlement in court. Whatever the final outcome, the behaviour of both Mr. Scanlon and the Left-wing within the AUEW has been sufficiently disturbing to demonstrate the need for a *thoroughgoing* revision of the rules governing members' control over their own trade unions. It is clear that the Government would be willing to finance postal ballots: this is supported by Conservatives and the Manifesto Group of Right and Centre-minded Labour MPs. In such circumstances *the Left-wing* plea that postal voting is too expensive does not stand up.

It is important to be clear about the purpose of such a change. Striving to increase the turnout of voters is no guarantee that the vote itself will go one way or the other; it merely ensures that more members than the usual tiny fraction of activists have a say in the affairs of their union. Ballots of the *National Union of Mineworkers* are conducted democratically enough at the pithead—but the union cannot be called moderate or Right-wing.

Reform

Thus the reform of union procedures—including a subsidy for postal voting—should not be seen as a method of keeping the Left at bay. The aim of reform should be more fundamentally democratic than that: to ensure that no faction, whether of the Left or the Right, can win *control over a* powerful trade union simply by virtue of the fact that its leading members are more willing than their fellows to sit out long and often repetitive meetings. In some unions at some stages in the political cycle, there is a genuine natural majority for Left-wing policies. It is surely not too much to ask that this be clearly demonstrated, in an election in which turnout is as *high as possible.*

Paying the price for inflation

THE SHARP drop in the reserves in May can have *occasioned* little *surprise* after the heavy fall in sterling during the month, and has indeed been accepted *with little reaction in* the exchange markets: the fall in the rate and the fall in the reserves reflect exactly the same lack of overseas confidence in the performance of the British *economy, and has for the time* being been discounted in the exchange rate. It would be a foolish mistake, however, to take the market's calm as an excuse for complacency. The cost of our failure to correct our domestic inflation cannot be met out of reserves indefinitely, and the limits of the time at our disposal are becoming clearly visible.

Pattern of events

Unfortunately the pattern of events has to some extent concealed what is going on, and the warning may not therefore be clearly understood. Instead of a steady drain, month by *month, which would be seen as* the counterpart of our continuing balance of payments deficit, the reserves and the rate have fallen in two rather sharp adjustments, in December and May, which have been widely *reported as "crises" and may* popularly be attributed to the work of "speculators."

What has in fact happened is that in the last six months the reserves have fallen by \$1,350m., or a little less than £600m. at *current exchange rates. This* means that about half the current account deficit for the period has been financed from the reserves: long term borrowing overseas by the public sector has been the other *important source of finance.* While there has not, over the period as a whole, been anything that could be called a run on the pound, London has no longer been able to attract private funds, even at relatively high interest rates, for investment in sterling assets.

Under a floating regime, this *situation does not qualify as* a crisis, but it is clearly a great deal too tight for comfort. There is no doubt about our ability to finance the balance of payments: the reserves alone would be adequate for quite a long period, given the sharp improvement *in the balance in* recent months, and they are backed by a more or less equal sum in swaps and relatively easy drawing rights in the International Monetary Fund, with yet a third tranche of equal size in various agreed but conditional oil and EEC facilities. The danger lies, as it always does, *in the capital* account: if the reserves can fall by nearly 20 per cent. in six months without any run on the pound, what financing, or what drop in the exchange rate, would be required to meet a real crisis of confidence?

Reshuffle

The danger of a crisis in confidence is best met, in advance, not by financial *arrangements, but by policies* which improve confidence: and despite the many official denials that any "package" is being prepared, foreign opinion will expect some action from the Government after the referendum and *the long-heralded* Cabinet reshuffle which is to follow it.

The kinds of policies required need little expansion here. The most impressive would be an affective attack on domestic inflation—with a first prerequisite a policy of more determined resistance to unreasonable *claims in the public sector.* Almost equally urgent is a more convincing attack on the size of the public sector deficit. Finally, and least desirably, it may be necessary to adjust to our present failure to check in*flation not only by allowing the* exchange rate to adjust, but by allowing interest rates to come a lot nearer to compensating foreign holders for that depreciation. What the reserve figures clearly tell us is that *if we do not take these steps* ourselves, and voluntarily, we may be driven to borrowing on *conditions* which could be a great deal harsher.

What put the NUR back on the track of militancy

BY JOHN ELLIOTT, LABOUR EDITOR

OF all the blows which Labour's social contract has suffered in the past year, the decision of the National Union of Railwaymen to call a national strike from June 23 is perhaps the most devastating. For the NUR is not merely trying to win a big pay rise in excess of the level of price increases or making *vague militant noises.* What it has done—whether or not a strike takes place—is to mount the first official, specific, national challenge to the partnership concept of the social contract — apart from the *Bakers' brief eruption late last* year—and to threaten the Government with a national confrontation of the type which constantly bedevilled Labour ministers when they were last in power in the 1960s.

It was precisely to avoid such confrontations that men like Mr. Jack Jones of the Transport Workers pioneered the contract concept. Even though Mr. Jones' members along with those in the General and Municipal Workers and other "loyal" unions have constantly undermined the concept with high wage increases, none has mounted an official national challenge of any substance.

Yesterday as the Government, British Rail and other union leaders started to assess the new situation, the only bright spot was the fact that it is virtually certain that far fewer than 21 members of the NUR's national executive really want a strike despite Monday's 21-3 vote. There are thought to be at least four Communist Party members on the union's 24-man national executive, together with some other hardline militants, but the indications so far are that they do not represent *a majority. On the other hand,* the NUR is a rigidly constitutional union and it will find it much harder to get itself off the hook by June 23 than it was to get on it, even though it has left three weeks for peace moves.

Terry Kirk

Mr. Sidney Weighell, the NUR's new general secretary: he serves a national executive which does not like the holder of the post to take on too much responsibility.

Behind the decision

Behind the executive's decision lie several important factors which help to explain its show of long-range militancy after a number of years of comparative moderation during which it has been the Associated Society of Locomotive, Engineers and Firemen (ASLEF) which has been involved in most railway industrial relations problems. These factors include *the position of the railwaymen* near the end of the public sector wages round in which most other groups have secured increases of 30 per cent. or more, compared to a basic 27.5 per cent. in the railways' arbitration report last Thursday.

Railwaymen are also a status conscious breed and this year the NUR has been determined to maintain its position in the country's wages league, especially in relation to the miners, whose Euston Road headquarters in London faces the NUR's and whose leaders have shown in recent years that *militancy can pay. A similar* lesson about the potential success of militancy, has also been taught by ASLEF—and the electricity supply manual workers and power engineers undoubtedly influenced some members of the NUR executive when their recent threats of official strikes led to their winning over 30 per cent. increases.

On top of this, the NUR has a new general secretary, Mr. Sidney Weighell. He is a bouncy, self-confident Yorkshireman determined to make *his mark and in so doing to* make sure that he and not Mr. Ray Buckton, ASLEF's general secretary, is regarded as the senior union voice in the industry. Mr. Weighell went out on a limb in publicising the justness of the NUR pay claim. At his union's head office he has introduced organisational reforms which were clearly designed to show that a new boss had arrived following the retire*ment earlier this year of the* then Sir Sidney and now Lord Greene.

The NUR's national executive, however, does not like its general secretary to take on too much responsibility — Lord Greene coined the droll phrase "I must consult my executive" when he was faced with his most serious problems a few years ago. Accordingly, the NUR executive has now twice made this clear to Mr. Weighell.

This was a blow for his prestige, especially after he had spent several days setting the scene for talks which might have yielded a settlement. They included the overwhelming vote against strike action by a conference of NUR branch secretaries over the weekend—a recommendation which the national executive brushed aside, again underlining that it and no-one else apart from the union's annual national conference makes policy decisions.

In the 1960s the NUR was expert as issuing militant ultimatums often withdrawing from them at the 11th hour. Part of the drama involved trips to Downing Street—and once to Admiralty House to see Mr. Harold Macmillan when Downing Street was being rebuilt. Tea, beer and sandwiches, which Mr. Macmillan and then Mr. Harold Wilson handed out, became part of the railways wages scene.

Although it has approached *the brink on several occasions,* the NUR's last national strike was in the 1926 General strike. Since *then it has favoured* lesser but almost equally disruptive action. But the main push for *militancy* has swung away from the NUR to the ASLEF since the industry's *1968 dispute. This is partly be*cause until then most disputes were over outside comparability with other groups of workers with the NUR being militant on behalf of the low paid among its 184,000 members.

The 1968 deal set a new wage structure. The main emphasis in the years that followed involved ASLEF fighting to maintain its elite craft status and pay differentials at a time when increased mechanisation and advancing technology were *reducing the relative importance* of train drivers and firemen from what it had been in the *age of steam.* Now, however, the pendulum has swung back.

The issue in dispute this year is the way railwaymen's pay compares with that of other groups such as miners and postmen rather than pay differentials within the railway structure. The NUR wants to retain the relationship between its members' pay and that of surface miners, established by a "special case" award last year *which led to railwaymen receiv*ing pay rises totalling some 36 per cent.

*It said in its original submis*sions to British Rail, and repeated on Monday, that this means a new *minimum* weekly rate of £34.65—about £2 above the £32.70 recommended by the *tribunal on Thursday and con*siderably more than the £31.10 originally offered by British Rail.

At the same time, however, ASLEF has been insisting on restoring internal differentials on a percentage basis. These have been eroded over the past year by the £4.40 threshold payments awarded on a flat rate basis. This stance of ASLEF, as a high paid union within a pay structure, illustrates the tensions which flat-rate as opposed to percentage pay rises create *as high paid workers* claim compensatory rises later to keep them ahead of the lower paid.

For this reason a lot of opposition is building up against Mr. Jack Jones' idea of a flatrate payment in the next stage *of the social contract*

ASLEF has succeeded in maintaining differentials and *its normally* militant and divided national executive accepted the arbitration findings with considerable enthusiasm on Monday. This was partly because its receives a hidden bonus which brings the total rises for most of its *members* from the 27.5 per cent. basic to just over 30 per cent.—the *increases* on basic rates also proportionately increase "unsocial hours" bonuses awarded under the Conservatives' old Stage Three pay policy. The arbitration findings, prepared under the chairmanship of Dr. William McCarthy, of Oxford University, also proposed that the rises should be on a per*centage basis and this clinched* the issue for ASLEF.

Mr. Weighell had told the arbitration tribunal that he favoured a mixture of a flat rate and a percentage award that would help to solve his low paid problems. But this would have pushed the total increase in the wage bill to well over 30 per cent. This might not have upset British Rail too much, with the knowledge that the Government would have to provide the funds. But it would have angered Ministers *by putting a degree of formal* blessing on the present unofficial 30 per cent. going rate in the public sector.

The arbitration award, however, did suggest that the railways should reintroduce a minimum earnings level—a form of guaranteed weekly payment—£4 above the proposed £32.70 basic rate. Presumably the arbitrators hoped this would win the favour of the NUR by *helping the low paid. But the* Union has shown little real interest in this idea, partly because it would mean narrowing differentials, which are already very tight at the bottom end of the railways pay structure, and partly because it would also mean that the first few hours of overtime worked by a railwayman would not earn him any extra money until he passed the £36.70 point.

As a result the lowest basic rate remains the main point in dispute—the fact that the tribunal also *rejected a forward* looking threshold arrangement is not a major issue at present and did not figure significantly in the NUR executive's discussions before the strike vote.

The executive was unanimous that the arbitration findings were inadequate. Its debate was, rather, over whether Mr. Weighell should have his way and be allowed to return to British Rail for fresh negotia*tions first or whether a strike* should be called immediately. The militants won with the *argument that the gap between* the £32.70 arbitration award and their £34.65 claim was so wide that British Rail would not bridge it if no militancy was threatened. On the other hand, however, while it would have been comparatively easy for British Rail to have added some fringe sweeteners if there had been no militant threats, the national strike call makes this much more difficult.

Government's credibility

The main reason is that the Government's credibility on wages is brought into the issue, with Ministers not wanting to be seen to be giving way to militancy — especially when this would mean tampering with an independent arbitration finding. *In addition,* ASLEF and the third railway union, the Transport Salaried Staffs, are waiting in the wings. Even though they have both accepted the arbitration money and will insist on being given any extras handed out to the NUR. It is not a question, therefore, of merely raising the lowest basic rate by about £2 to £34.65 to maintain a relationship between the lowest paid railwaymen and surface coal miners.

Any such rise will have to be echoed throughout the railways' pay structure. This, the NUR estimates, would raise the cost of the increases from the *arbitration figure of £77.5m.* a year to £100m. a year—a one third improvement on the total 27.7 per cent. arbitration.

Now the Government must decide whether to withstand a *railway shutdown*—in the knowledge that such a strike has more nuisance value than serious effects on the economy for at least in the initial stages. In addition railway strikes rarely if ever gather public support—unlike miners' disputes—although there may be some sympathy for the railwaymen *since they are the first major* public sector group to be held down below 30 per cent. in this wage round. With seamen, steelworkers, chemical workers and local government staffs all facing pay problems, therefore Ministers will not want to give way. This means a return to the 1960s game of trying to get the NUR off the hook with ASLEF gloating on the sidelines. As Mr. Ray Buckton said on BBC *television this week,* "Letting different unions take their different views is what free collective bargaining is all about . . . but whatever British Rail does for one union must be done with all three. . . ."

HOW THE TRIBUNAL AWARD WAS MADE UP

	Railman	Driver	Top Signalman
Existing rate	£27.65	£41.65	£48.00
Existing threshold	£4.40	£4.40	£4.40
BR's new money offer	£1.05	£4.45	£5.80
Total offer	£31.10	£50.50	£58.20
Tribunal new money offer	£1.60	£2.60	£3.00
Minimum earnings guarantee	£4.00	—	—
Total tribunal award	£36.70	£53.10	£61.20

MEN AND MATTERS

Innes: asked to go

"The tragedp will be if bright people are forced into moneymaking rather than thinkmaking," declares David Innes, as he surveys the disappearance after five years of his job as *chairman of and chief execu*tive of the Heenan Spark conglomerate.

One of the band of financiers who alighted on small shell companies in the early 1970s, Innes, now 40, built up Heenan from a hardly exciting £½m. engineering and property concern into the present group *with interests ranging from the* original activities on to banking, consumer products, and timber. And, until the last few days, there was the Rosedale Industries toy side; having pleaded for a £1½m. Government loan ("recommended strongly" by Department of Industry investigators, claims Innes, but held *up by referendum campaigning)* it is now in receivership. Rosedale spoiled the Innes record by pulling Heenan Spark £674,000 into the red in the first half of 1974-75.

Not an unfamiliar problem, but why Innes's abrupt resignation? He ascribes it to a row with Barblays, Heenan's principal *bankers, who insisted on his* stepping down. Derek Wilson, a City accountant who has been group financial adviser for several months and succeeds as chairman, put the situation another way: Innes's resigna*tion, and the gradual winding* down of executive responsibilities by another director, Canadian Tom Buffet, are "actions have the support of the bank" and further management reconstruction is foreseen. Innes says *Buffet* has been in charge of rationalisation and negotiations with bankers. Barclays *declines comment on the* situation.

Innes is staying as a director, keeping an eye on 1.2m. shares, the biggest individual stake, currently worth 7p a time and *not intended for sale. Also an* accountant and Newcastle-born, he spent six years managing Harold ever's business affairs. The Heenan venture was prefaced by three years with Pat Matthews's Birmingham Industrial Trust as managing director.

Innes promises "new adventures" and presumably some of *these could involve Yorkgreen* Investment Trust where he is chairman with 305,000 of the shares (4p at present). His fellow directors there include Buffet and ex-Fine Fare chief Jimmy Gulliver: 31.6 per cent. of the company is owned by Heenan Spark.

As for Heenan, he and Wilson are agreed that aside from Rosedale, the 30 or so other subsidiaries are performing to expectations. iWth Rosedale maintaining production and Tri-Ang Pedigree already rescued courtesy of the State, it is still *"quite possible that the DoI will* come into the picture," says Wilson.

Stuffed shirts

A nose for a market, that Robert Krausz. Well, what else would you expect me to say when reporting that next week 40,000 freshly imported T-shirts from America will arrive in British shops selling under the brand name of "Smell it like it is." For £1.99, the shirts have a built-in fragrance ("florida orange" to "zippy banana") which should last through three "gentle washings." The smell is released by rubbing an appropriate design on the shirts' front, all made possible by a development in *microincapsulation* by 3M in the States.

Krausz is managing director of D[illegible], an import company. To find the right six fragrances for the British market, he had to sniff his way through a whole spectrum of smells, including such Ameri*can favourites as* "*pickled* Dill" and "root beer." Both of these were dismissed as too powerful for the sensitive British nose which, it was felt, would prefer such innocent delights as English rose and sweet apple.

"We are not amused!"

Scotch protest

After several previous rumblings of discontent, the General and Municipal Workers' Union yesterday called on the Government to curb the export of buk malt whisky which, it fears, *will lead to the loss of jobs in* Scotland. "We are telling the distilleries that the situation has become intolerable, and our members are now willing to take industrial actio nto bring a halt to this," said George Robertson, the union's Scottish regional organiser.

The bother, although Robert*son referred to a Japanese label* on which Mount Fuji looked "suspiciously like Ben Nevis," is not about the sort of bogus Scotches with names like McFish which are sometimes *found abroad.* The Japanese don't pretend their whisky, made from Scottish malt and *their own grain, is anything but* Japanese. But then they don't give the Scots any credit either. The trouble (though any bulk exports could be held to cost Scotland bottling and packaging jobs) is that the Japanese are getting to ogood *at* their blending. The fear is that they will start exporting and cutting across the other *world markets* for Scotch, particularly to the West Coast of the U.S.

That the threat is there is shown simply in the fact that the Distillers Company refuses to export any bulk malt whisky to Japan. That the Japanese take it seriously was indicated by Suntory, to ensure its source *of supply, buying up 10.4 per* cent of Glenlivet Distillers shares soon after Imperial Group had looked as if it might have a bid in mind by buying nearly 30 per cent.

In fact the anxiety might be mistimed. In the four months to April a notable switch in the Japauese Scotch trade developed. *Although the bottled* blends rose in volume by 9 per cent., exports in bulk fell 27.5 per cent. For the first time more Scotch went to Japan in bottles than in bulk.

This could, perhaps ominously, mean the Japanese are becoming less reliant on Scottish malts in their blends, or that the efforts of exporters and importers of bottled blends are finally paying off.

Promises

Notice at a farm near *Evesham:* "Brown eggs laid while you wait."

Observer

The closure of the Aspro research unit at Slough highlights the growing pressures on the chemical industry. **Ray Dafter reports**

No relief for the chemicals headache

ONE OF ICI's most important basic petrochemicals plants—a 200,000 tons a year ethylene unit on Teesside—is currently lying idle. It has been like this since February, when it was shut-down for routine bi-annual maintenance, and, with trading prospects as they are, is likely to remain so for the best part of this year.

ICI cannot remember previously having had to close a major plant because of lack of business. But then the chemical industry has never before experienced such a rapid and deep trading recession as this.

Tight supply

As an industry traditionally tossed about by trade cycles, chemicals might well have expected a rapid decline in business after the bumper years of 1973 and 1974. Indeed, the current problems are rooted in that period of buoyant demand. Under-investment had left the industry only just able ments; the tight supply situation led to over-ordering, a big build-up of stocks and, in some cases, panic buying on the part of chemical-using industries. They were not only afraid of continuing shortages but of further big price increases in the wake of the five-fold rise in crude oil costs.

Suddenly, around October last year, sentiments changed. Consumer demand was falling away and chemical users—particularly the plastics and textiles industries—realised that raw material prices were likely to weaken. Consequently, *orders were cut back as the* companies started to dip into their stocks. The speed with which chemical business has declined reflects both the depth of these accumulated stocks and the general economic depression.

BP Chemical's olefines plants are now operating at about 60 per cent. of capacity. "We cannot recollect such a vicious drop in demand. It was going up at an unprecedented rate, but it has come down at least as fast, if not faster."

ICI's petrochemicals division is currently producing at a rate of 50 to 60 per cent. of capacity. Its ethylene plant is not the only one to be affected by the recession: a unit producing paraxylene for textiles and plastics has been temporarily shut down. Like some other aromatic plants it is being run on an intermittent basis—used when demand and stock levels make further production necessary.

The impact of the recession has spread more widely than petrochemicals, however. *Virtually all chemical sectors have* been hit. Agricultural chemicals and pharmaceuticals are exceptions, but even here some of the market gloss has disappeared as a result of higher research and development costs and increasing regulatory controls. The closure of Nicholas International's research unit at Slough, announced this week by the makers of Aspro and other drugs, is symptomatic of the increasing pressures. The fertilisers sector has performed better than most, but demand there has been hit by economic problems and unfavourable weather conditions. As a result none of the major U.K. fertiliser manufacturers is *putting up prices at this time,* the start of the new season, as has been done in the past.

The weather — notably the sucession of mild winters—has also hit the important chemical salt business.

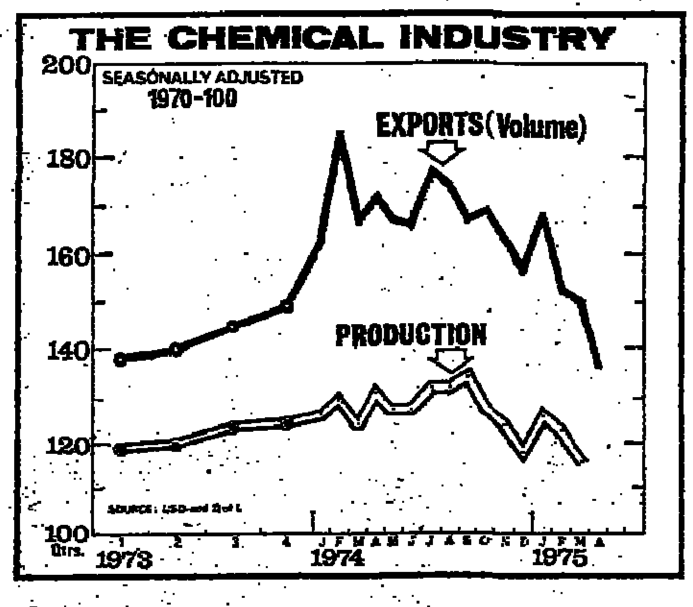
All this has had a depressing impact on chemical industry trade figures. The latest Government statistics for production *levels in chemical and allied in*dustries show that March output was less than the monthly average of the first quarter of 1973. Even more significantly in view of the country's balance of payments and companies' profit expectations, chemical exports have fallen, in volume terms, behind the level of early 1973 and dropped by more than 30 per cent. between the peak of July, 1974, and April this year alone. This decline is even more serious when the weakening prices of overseas markets are taken into consideration.

All the developed world markets for chemicals have suffered, and this is being reflected in the trading results published by major companies. The "Big Three" of West Germany, for instance, have followed a common trend. In terms of German parent company net profits, Bayer showed a decline of 34 per cent. in the January-March quarter while Hoechst reported a drop of 22 per cent., and BASF one of 25 per cent.

ICI profits

In the U.K., ICI's pre-tax profit for the first quarter was £80m., a one-third drop on the corresponding three months of last year although virtually the same as in the October-December period of 1974—an achievement which came as an agreeable surprise to the City which had been expecting a sharper drop.

As things stand, there is no *sign from Europe as a whole* that trade is improving, other, perhaps, than in some textiles markets.



The state of the market has inevitably led to a loss of jobs, short-time working and a brake *on recruitment, mainly in the* more labour-intensive, downstream sectors of the industry such as plastics processing. The German Chemical Industries Association recently counted 21,000 out of work and 33,000 on short-time among West Germany's 600,000 chemical workers.

Another inevitable consequence is the accusation of "dumping" which always crops up when demand has slumped. Some U.S. suppliers of aromatics have come in for criticism from European producers, while even Japanese companies have been complaining about dumping. Both U.S. and European producers have been accused of selling plastics in South-East Asia at cut-rate prices.

On the whole, however, major material suppliers have resisted the old temptation of trimming prices to the minimum. Instead, they are opting to cut back *production levels to keep output* in line with demand. Chemical companies continue to be haunted by the spectre of over-capacity, price cutting and damaged profitability of the 1960s.

Ambition

It has always been the industry's ambition to beat the persistent trade cycle and invest during the depression. In this way they can reap the benefit when demand flourishes. (ICI went a long way towards achieving this in the last boom period.) Once again, however, the industry at large is learning how difficult it is to carry through this ideal in practice. *For one thing the amount of* ready money drops in a depression; secondly, confidence wains.

Throughout Europe companies are taking straw polls, trying to estimate when demand will pick up again. The consensus of opinon suggests that they might see some signs of improvement in the last months of this year, but it will be at least the first quarter of 1976 before trade really starts moving. And even this is far from certain.

Then the companies have to gauge the level of demand and the growth rate once the economies recover. There are those who feel that there will be another steep rise in chemicals trade, in which case it might not be too long before the industry returns to a tight supply situation. Alternatively, there are those who think it will take economies much longer to recover and that the rate will be slower.

Future rate

Before the current market position, *for example,* the industry was projecting a growth for ethylene of 11 to 12 per cent. a year. According to one senior petrochemicals director, the future rate is likely to be nearer 9 per cent., although — perhaps understandably — he did not want to be quoted on that forecast. "If the truth were told. I don't believe any of us have the foggiest idea." he said.

This, then, makes investment planning a hazardous business, especially with plants which can cost anything up to £150m. to £200m. a time. Companies which doggedly push ahead with their own development plans are in danger of contributing to a general over-capacity situation.

Take France, *for example.* At least six groups are known to be studying new ethylene plants there. If all these came to fruition the country would find itself with another 2.5m. tonnes of ethylene capacity. And yet the current capacity is only 2m. tonnes and by the early 1980s not much more than 3m. tonnes will be needed. This means that only two of these six schemes would be needed in the next few years.

A similar situation exists in the U.K., where several groups (at least five) are thinking of building new ethylene plants. ICI, a company obviously in the running, last week sounded a warning about its investment programme when it released its first quarter's trading figures. Although it intended to continue its policy of counter-cyclical investment (it is spending the equivalent of £1m. a day on new plant at the moment) it seemed "inevitable" that, because of current trading conditions, operating divisions might delay presenting some schemes to the Board for approval.

It is not only economic conditions which influence investment decisions, however. For British companies—and foreign concerns considering developing in the U.K.—one of the doubts should be removed within a few days with the EEC referendum result. The chemical industry has stressed how important it regards Britain's continued membership as being. The ability of the Government to control inflation and the future strength of the pound are other factors which have to be taken into consideration.

From the point of view of German and Swiss chemical companies, it is the strength of their currencies which is causing some concern and which may lead to a greater degree of overseas investment. High exports are all very well, but they lose some of their appeal when the revenue is converted back into high-value currencies.

The Swiss company, CIBA-GEIGY, reckons that its 1974 group profit, after tax, of Fr.473m. *would have been* Fr.162m. higher if exchange rates had remained stable at their 1973 level.

Unhealthy

Professor Matthias Seefelder, chairman of BASF's executive Board and a praesidium member of the German Chemical Industries Association, said recently that last year exports of German chemicals "rose out of all proportion." They accounted for some 45 per cent. of sales, a quota which was "unhealthily high." Apart from the currency factor, it left the industry with far too much domestic capacity for when international trade turned sour. In addition, wage costs in the German chemical industry were causing concern, and were now noticeably higher than in the U.S.

The sum of these factors is likely to be more adventurous overseas investment by the German (the U.K. is one country earmarked for major expansion). As Professor Seefelder said, other European countries such as Britain, France and Switzerland were still several lengths ahead of Germany in the field of foreign investment.

Whether chemical companies can muster sufficient cash and confidence to achieve their various investment ambitions remains to be seen however. Much will depend on how long the recession continues at its present depth. But it does seem that chemical companies will be bumping along the bottom for at least several more months.

Letters to the Editor

Get on with exporting

From Mr. Michael Heseltine, MP.

Sir,—Mr. Watkinson (May 20) chides Lord Pritchard for, in his view, not "respecting the intelligence of readers of the Financial Times." Yet he then goes on to assert that Germany, France, Italy and Belgium have "never forgiven us for being the only undefeated nation in the Common Market." What respect is this for your readers' intelligence?

Like so many anti-Marketeers, Mr. Watkinson seems to attribute our present economic crisis to our membership of the EEC, yet he gives no reason whatsoever for this view. The real causes of our difficulties include the high costs of imported raw materials, internal strife within industry and the fact that we are not as efficient as we should be. These points have nothing to do with our membership of the EEC. There are difficulties, however, which need to be sorted out, whether we stay in the EEC or not, if our industry is to increase its competitiveness.

There is little doubt in fact that the situation would have been much worse had we not been in the EEC. It is unlikely, for instance, that our exports to the Eight would have nearly doubled—as they have—in two and a-half years. If we were to withdraw, our export opportunities to the EEC are likely to be adversely affected at least during what is bound to be an initial period.

Mr. Watkinson refers obliquely to the £519.3m. invested by the U.K. in the rest of Europe in 1973. £357m. of this was money borrowed in Europe or from reinvesting profits from abroad, and not exported from the U.K. The investment figure for North America was similar (£513m.) in 1973 and shows a growth over 1972 of higher proportions than for the EEC. Moreover, since March, 1974, controls have been imposed on capital movements, and investment in the EEC has since then had to be financed like investment anywhere else.

It is unfair of Mr. Watkinson to brush aside the views and records of such eminent and successful businessmen as Lord Pritchard and Sir Maurice Laing when he himself is clearly so sore about his European ventures. Rather than complaining of sour grapes, Mr. Watkinson might in fact take a leaf out of their book, forget his built-in aversion to his European neighbours, and get on with the business of exporting as part of the process of helping to get this country back on its feet again. Our economic prosperity depends upon our ability to export. It would be most unwise to undermine our vast export potential in Europe by leaving the EEC.

Michael Heseltine,
House of Commons, S.W.1.

CAP and price stability

From Mr. P. Blaker, MP

Sir,—Mr. Tether in the Lombard column (May 27) criticises the assertion that food prices are no higher in the Common Market than in the rest of the world. This claim is based on the only realistic assessment that can be made—an analysis of food prices over the past two years. In 1973 membership of the Community added less than 1p in the £ to our prices. In 1974 prices were actually lower as a result of membership. A Federal Trust report on food prices in the Common Market says that prices were about 1 per cent. lower because of membership, while the Minister responsible, Mrs. Shirley Williams, said membership has had no significant effect either way.

Mr. Tether would not deny these facts. But he claims that they are irrelevant because "the situation has now fundamentally changed. The world food position is fast moving back to normal." This is a most extraordinary claim. What does Mr. Tether mean by normal? For example, does he imagine that world carry-over stocks of grain are going to climb from the 20 days' supply now to the 108 days' supply we had in 1969-70? Surely the point is that systems should not be based on the premise that everything will go right; rather they should make allowances in the event of things going wrong. We must seek guaranteed supplies of food where we can get them in the Common Market, which is already 90 per cent. self-sufficient.

But Mr. Tether would claim that the world market can provide us secure supplies. This view takes some justifying. The world population will double by the end of the century; world food production will do well to keep up with such growth.

United States spokesmen have pointed to the folly of such a policy. The U.S. Department of Agriculture, in an article in the Journal of Foreign Affairs, has raised the spectre of drought in the Mid-West — the world's granary. Henry Kissinger, speaking on May 13 to the Kansas City International Relations Council, posed the problem more directly, ". . . The current gap between what developing countries produce themselves and what they need is about 25m. tons. The gap is expected to triple ten years from now."

Mr. Tether points out that world food commodity prices are now coming down. He assumes they will remain low while Common Market prices remain high. In fact, in real terms the cost of food production in EEC countries has consistently come down over the past four years. But the fall in world food prices is a *function of the general economic* recession. The minute the U.S. economy picks up we can expect food prices, particularly wheat prices, to become firmer.

The important point is that the Common Agricultural Policy aims at a degree of price stability related to the costs of production. The world price will move up and down as shortages and recessions come and go. Sometimes world prices will be higher, sometimes lower than the EEC prices. At least in the Common Market we will have price stability and guaranteed supplies.

Peter Blaker,
House of Commons,
S.W.1.

World food supplies

From Mr. Simon Harris

Sir, — Mr. Gordon Tether appears in his article of May 27 to have used the findings of a recent report by a Federal Trust Study group—"*The CAP and the British Consumer*"—for which I had the honour to be rapporteur. These related to the effect of the transitional arrangements in keeping down U.K. consumer food prices during our first two years of Community membership.

"We found, in fact, that during the first two years of Community membership, which is all we have to go on, "food prices in the U.K. were marginally lower—perhaps by about 1 per cent." as a result of being in the Community rather than having to buy our food at world prices. Mr. Tether omits to mention this fact, although he does point out that world food prices have dropped from their 1974 level. True, but is this situation any more indicative of the "normal" (Mr. Tether's word) than the historically high prices of the last two years?

The answer must be that no one knows. The study group did however discuss the long-term future for world food prices. Perhaps some of this discussion may be helpful.

First, there is no concrete evidence that the world is unable to maintain and even in*crease the availability of basic* food stuffs per person. But modern agricultural production requires costly inputs. Whether or not these costs will necessitate increases in agricultural prices faster than those of other goods is unclear, but what is beyond question is that the nominal price levels that obtained in the 1960s no longer provide an adequate base for the required level of food output. If by "cheap food" one has in mind regular supplies of cereals at £25 per ton, then this is as unlikely as a £500 motor car. This warning is even more appropriate should the Shah be successful in his announced aim of further raising oil prices.

Second, the U.K.'s "cheap food" policy meant that it could benefit from the agricultural problem of other countries because it was able to buy their surpluses at prices which meant a commercial loss for the exporters. Such surpluses are likely to recur from time to time. The question is whether it is wise to rely on such erratic occurrences as a basis for food policy when there is strong political disillusionment in exporting countries with such dumping measures.

Third, although some of the U.K.'s traditional agricultural suppliers may be low cost producers, why should they sell to the U.K. at under world prices? It seems most unlikely that traditional suppliers will contemplate selling large quantities of food to the U.K. on favourable terms unless they feel that world market prices are likely to be chronically weak (and it must be said that no major supplier is at present taking this view).

All in all it doesn't seem to me that the Britain in Europe advertisements can be criticised for misrepresentation.

Simon Harris.
64, Fawe Park Road,
London, S.W.15.

C. Gordon Tether writes:

My use of the Federal Trust Study Group's highly revealing figures relating to the future cost of CAP does not implicate it in "Britain in Europe's" food propaganda excesses. Mr. Harris does that off his own bat. Moreover, the misrepresentations of which I complained are not confined to future projections. One of the most serious of them relates to what is an established fact.

Access to markets

From Mr. B. Wilson.

Sir,—Mr. Cherrington (May 23) makes the welcome, often forgotten and very important point that food exporters have to accept the prices they are offered. And things have not changed. But he is quite wrong when he says Commonwealth food exporters disliked their former trading arrangement with the U.K. "because they rightly felt they were being exploited."

What food exporters want first is access to markets and second security of access. They want a fair price too and no one is suggesting they are not now in a stronger position to bargain for a fairer price. Both Australia and New Zealand can go on expanding food production. And they will do so but only with security of market access.

Britain used to offer long-term buying commitments. The suppliers argued about price but secure access was and still is the prime requirement. Australia could produce almost unlimited quantities of sugar. But she limits production, or tries to, to guaranteed market requirements. Australia would dearly love to renew her former access to the U.K. market.

For two years I worked in the Department of Trade in Canberra. What I learnt there is that to food exporters the EEC is anathema. The EEC does not make long-term food supply agreements. It buys for high prices when world supplies are short (which, *inter alia*, denies supplies to poorer starving buyers) but when supplies are glutted the EEC puts up the shutters and refuses to do business. Among traditional food exporters the Common Market has the reputation as the most selfish, tough and self-seeking trade bloc.

The EEC's attitude to food trade is in itself productive of ever-increasing prices. This is because exporters are less and less willing to produce for such unreliable buyers.

If all this is true why do the *various Commonwealth Prime* Ministers continue to advocate continued British membership?

First, is a point missed by Britishers. Confident and aggressive countries like Australia are sorry for poor old Britain. They have come to believe that EEC membership is necessary for Britain's economic survival and they want to do nothing to damage Britain's prospects of clinging on to this lifeline.

There is pride too. I remember a group of commodities experts in the Australian Department of Trade five years ago preparing a catalogue of damage to Australian trade resulting from U.K. membership of the EEC and urging a tough negotiation such as New Zealand was planning. The idea was dropped. "Hell, we can survive this, maybe Britain can't" was the attitude.

Countries like New Zealand (and there are some New Zealand officials appalled at their Government's pathetic line) simply take the view that Britain will vote "yes" and thus it is as well to keep as many friends in Brussels as possible.

There may be very many good reasons for Britain to stay in the EEC. Food trade and supplies is definitely not one of them. Except for the last two unusual years the EEC *has* not significantly increased its self-sufficiency in food production, and this is not a prime motivation anyway.

Food prices will go much higher yet in Britain but in real terms they are now slipping in the rest of the EEC. The result will probably be even reduced self-sufficiency so people who talk of "assured food supplies from Europe" are blissful in their ignorance.

Barry Wilson.
The Old Mill House.
Carleton Rode, Norfolk.

Fragmentation in Europe

From The Chairman, Exchange Travel (Holdings).

Sir,—Mr. Roy Jenkins, on BBC Radio Four's Referendum Call (May 30), stated that fragmentation would start in Europe if we left — so how on earth can Europe present a threat to us if the Common Market disintegrates after our departure?

Gordon L. McNally, VRD.
Exchange Travel (Holdings).
Exchange House,
Parker Road,
Hastings,
East Sussex.

To-day's Events

GENERAL

Aircraft maintenance men at Heathrow Airport hold mass meeting on future of their strike.

Chrysler workers at Coventry engine plant meet to consider recommendation to end strike.

Police Federation pay talks resume.

International Air Show continues, Paris.

National Printing Machinery Exhibition continues, Olympia.

International Power Transmission Exhibition, Olympia.

Telecommunications Conference and Exhibition, Metropole Exhibition Hall, Brighton.

SPORT

Racing: Derby Stakes, Epsom, 3.35 p.m.

Cricket: Benson and Hedges Cup quarter finals.

Golf: British Amateur Championship continues, Hoylake.

Motor Cycling: International Tourist Trophy Races, Isle of Man.

MUSIC

Organ recital: Maureen MacAlister plays music by Mendelssohn, Bach, Max Reger, and Vierne, at St. Lawrence Jewry next Guildhall, London, 1 p.m.

COMPANY RESULTS

Rotaprint (full year).

Hickson and Welch (Holdings) (half year).

MEPC (half year).

Peninsular and Oriental Steam Navigation (half year).

COMPANY MEETINGS

British Rollmakers, Birmingham, 12.15.

Continental Union Trust, 3, London Wall Buildings, E.C., 12.45.

Crowther and Nicholson, Huddersfield, 11.30.

Dreamland Electrical Appliances, Great Eastern Hotel, E.C., 12.

Ellis and Goldstein, Barrington House, Wood Street, 12.

Fairview Estates, Winchester House, E.C., 10.30.

Guardian Royal Exchange, 20, Aldermanbury, E.C., 12.

Lowland Drapery, Glasgow, 12.15.

Provincial Insurance, Cumbria, 1.15.

Tozer Kemsley, 28, Great Tower Street, E.C., 11.45.

Wight Construction, Edinburgh, 11.

COMPANY NEWS + COMMENT

Fenner upsurge to £2.4m. midway

A SUCCESSFUL first half for J. H. Fenner (Holdings) has thrown up big increases in turnover and profit. And the second half has started "reasonably well" in current circumstances.

The group makes and distributes products for power transmission. From turnover advancing £8.4m. to £24.42m., profit for the six months ended February 28, 1975 has risen nearly £0.9m. to £2.42m. The 1974 comparisons included only 3½ months from Motor Gear and Engineering and Charles Weston.

Indications are that the levelling off in order intake referred to in January is continuing and there are presently no clear signs of upturn. Due in some measure to the substantial investment in additional and more modern plant the current order book is of much more manageable proportions. The group is well equipped to give an improved service and to take advantage of any recovery in world trading conditions.

Earnings are shown at 5.9p, against 4.52p, per 25p share, and the interim dividend is stepped up from 1.8425p to 2p net. Total for 1973-74 was 4.60p from profits of £4.5m.

	Half year 1975 £	1974 £
Turnover	24,424,512	16,011,563
Interest paid	260,746	176,[illegible]
Associates	37,451	[illegible]
Profit before tax	**2,425,783**	**1,538,668**
Taxation	1,400,000	820,000
Net profit	1,025,783	718,668
Minorities	67,190	70,409
Dividends	343,347	302,564

Independent of the acquisitions, there have been general and substantial increases in turnover and profitability both at home and in overseas activities, which were influenced by the long order books at the start of the year in nearly every sector of the business. Export shipments were again well up to a record level.

In the U.K., work on the additional conveyor belting plant at Cumnock in Scotland, designed to supplement existing capacity to meet the heavy forward order book, is proceeding on target; the plant should be producing to planned capacity by the end of the financial year.

Performance of the overseas subsidiaries is "most rewarding." The group is currently involved in a substantial increase in manufacturing capacity in the U.S. to take advantage of the opportunity to expand business there, particularly in conveyor beltings both for mining and general industrial applications.

● comment

An overseas sales ratio of 50 per cent. in 1974 has lent strong support to J. H. Fenner's share price, which has virtually trebled from its low to 125p where the maximum prospective yield is 6.4 per cent. The completion of a backlog of orders, which has produced pre-tax growth of 58 per cent. and 49 per cent. in the last two halves, could leave second half profits unchanged for a pre-tax total of £5.4m. On the financial front, heavy capital expenditure of well over £3m. should be covered by cash flow but the working capital requirements of the group's distribution network (stocks were nearly a third of sales in 1973-4) may be as much as £4m. in the current year. However, the group balance sheet, which last showed net borrowings at just over a quarter of shareholders funds, should cope with this.

HIGHLIGHTS

De La Rue pleased the market yesterday with results which, while showing pre-tax profits down by £1m., were in fact a good deal better than had been generally expected and the shares gained 16p after the news. The statement is examined in the Lex column, where there is also discussion of the full report and accounts from **Swan Hunter** and also the report from the French glass and building materials group **Saint Gobain**. At the half-way mark **J. H. Fenner**, records strong growth but sounds a note of caution about second-half prospects. **McCorquodale** has had a good first half but here also business in the second half looks less brisk. At **United Scientific** however, a substantial overseas trade is lending buoyancy and increased second-half profits are forecast. Higher profits for the full year from **Macdonald Martin Distilleries**, however, mask a second-half downturn.

United Scientific growth

Pre-tax profits of **United Scientific Holdings**, suppliers of optical, scientific and electronic equipment, rose by 48 per cent. from £225,583 to £333,425 in the six months to March 31, 1975 and the chairman, Mr. J. D. Robertshaw, forecasts "A further substantial increase" in the second half. Profit for the year to September 30, 1974 was £470,417.

First-half turnover expanded from £2.02m. to £2.85m.

The interim dividend is lifted from 0.7p to 0.85p net per 25p share. Last year's total was 2.45p.

Mr. Robertshaw reports that production in the two U.K. manufacturing companies, mainly on *Ministry of Defence Contracts*, has been running at a high level, but pressure on margins has held their profits back.

The export business, however, is expanding very rapidly and is the most profitable area of operations. Export orders currently exceed £4m.

Development of new products has continued and the chairman says several of them appear to offer "excellent possibilities" of substantial sales in the near future.

"Of particular interest is our entry into the field of laser rangefinders, where we are offering equipment which is outstanding both in terms of its technical capabilities and relatively low cost," he declared.

The directors look forward to the year end with considerable confidence, and barring unforeseen circumstances, anticipate being able to report substantial increases in both sales and profits in the second half.

	Six months 1975 £	1974 £
Group turnover	2,8[illegible]	2,015,110
Profit before tax	**333,425**	**225,583**
Taxation	173,000	117,000
Net profit	160,425	[illegible]
Interim dividend	39,941	32,[illegible]

● comment

Interim profits 48 per cent. higher from United Scientific were enough to move the shares 1½p higher to 48½p on a generally dull day for equity prices. At home, Ministry of Defence work (around half of turnover) provides a sound base for development, but it is overseas contracts which provide the real cream, and virtually all the first half profit advance came from exports. The new Singapore factory will provide a useful base in the Far East and United is already established in that other important market, the Middle East. The new laser rangefinder apparently has great potential outside Europe (the Norwegians having got in first there) and in the next few years could make a substantial contribution to profits. For the rest of this year the group could keep up the pace of advance for pre-tax profits to reach £0.7m. and earnings of 7p a share, while last year's hefty borrowing position is being reversed.

Bibby and Baron setback

A DOWNTURN in the second half has wiped out the £151,000 gain made in the first six months by **Bibby and Baron (Holdings)**, and profits for the year ended March 31, 1975, are down slightly, from £725,603 to £713,488.

The dividend is raised from 2.49p to 2.71p net per 25p share, with a second interim of 1.814p.

	1974-75 £	1973-74 £
Trading profit	1,2[illegible]	1,261,238
Depreciation	511,366	519,074
Debenture interest	11,628	34,879
Associates	22,142	16,370
Profit before tax	**713,488**	**725,603**
Taxation	372,448	377,420
Net profit	341,040	[illegible]

Meeting, Bury, August 4. The company manufactures paper, polythene bags and cartons.

● comment

Widespread destocking caused Bibby and Baron's second half drop in profits of about a quarter, but the group outcome incorporates some interesting divisional variations. The Polythene *interests, for example, have* suffered from destocking since last September, whereas the paper side went into decline far later in the financial year; conversely, polythene should emerge from the trough far faster. But the paper bag division could be the real wild card. In the past this has been a steady source of cash flow, and one reason why *B&B has avoided a significant* debt build-up. Now shopkeepers are starting to jib at higher prices, and the long-term trend in demand will not be helped by freak factors, like the recent slump in sugar bag sales. At 42p, the yield is 10.2 per cent.

NPI invests in equities

The **National Provident Institution** had invested £6½m. in U.K. equities this year, stated the chairman, John L. Harvey at the annual meeting. This followed last year's net investment of £10m. in U.K. Ordinary shares.

The NPI had participated "significantly" in the equity market recovery, and the value of Stock Exchange assets had appreciated by £40m. since the beginning of the year, a recovery of three-quarters of the fall in value of *NPI's total assets over 1974*.

A further £5m. had been invested in overseas equities and £14m. in gilts and other fixed-interest stocks. Liquidity had been reduce dfrom £25m. at the end of 1974 to £13m. now, mostly matched against dollar loans. Valuers were at present engaged in revaluing the property fortfolio, and it was expected to show an overall increase over the previous valuation done in 1971.

The chairman attacked the Goverment's guarantee scheme for the insurance industry. Policyholders of strong offices like NPI, he said, shoud not be compelled to subsidise those in fringe companies that had run into difficulties. But if the Government was determined to introduce such measures, then there should be some contribution, at least, from those who introduced policyholders to a failing company.

Macdonald Martin off target

INCLUDING £284,000 from special sales of surplus stocks, pre-tax profits of **Macdonald Martin Distilleries** amounted to £887,343 for the year to March 31, 1975, compared with £655,812 for the previous year, and with last November's indication of a figure in excess of £1m.

Including the stock profits, the first half pre-tax balance was up from £324,000 to £781,000.

Following the increase in the interim dividends, the net finals are unchanged at 4.4p on the 50p "A" Ordinary and 2.2p on the 25p "B", to give totals up from *6.5p to 7p and from 3.25p to 3.5p* respectively.

	1974-75 £	1973-74 £
Trading profit	934,228	[illegible]
Depreciation	46,885	[illegible]
Profit	**887,343**	**655,812**
Tax	71,612	242,198
Deferred tax	387,407	68,000
Net profit	[illegible]	345,614
Pref. dividend	15,400	15,400
Dividends	189,000	175,500
Retained	[illegible]	154,714

● comment

Excluding sales of surplus stocks amounting to £284,000, Macdonald Martin's pre-tax profits are 8 per cent. lower, incorporating a second half downturn of over two-thirds. The problem has been a combination of falling demand and destocking in U.S. markets, the main contributor to exports which in themselves accounted for about one half of turnover last year. The trend in the U.S. away from imports of bottled blends may be easing but demand for new malt fillings at home cannot be buoyant at the moment. The report and accounts may shed some light on the extent to which group finances have been under pressure during the year and with no forecast for the current period, the shares at 90p are yielding 12.7 per cent., well above the sector average.

I. & J. Hyman improves

Pre-tax profit *of I. and J. Hyman* increased from £122,893 to £273,004 for 1974 after depreciation £52,638 (£37,292), and directors' emoluments £35,719 (£18,677).

Tax takes £169,237 (£71,091). The net balance is £103,767 (£51,802) before minorities.

The company is engaged in conversion of plastic foam and the manufacture of industrial cleaning cloths.

Land Investors

Pre-tax profit of **Land Investors** declined from £594,000 to £479,000 for the six months ended September 28, 1974. All interest, including that relating to properties in the course of development, has been charged to revenue account, as usual.

The interim dividend is 0.35p (same) per 25p share. Last year's total was *1.77p from profits of* £1.15m.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Bankers Investment *	1.07	July 17	1.38	1.91	1.73
Bibby and Baron 2nd int.	1.81	—	1.79	2.71	2.49
Charter Consolidated	3.96	July 17	3.71	6.21	5.71
Culter Guard	Nil	—	1.68	1.01	2.55
De La Rue	8.52	Aug. 1	7.99	10.7	9.83
J. H. Fenner int.	2.0	Aug. 31	1.84	—	4.69
Keystone Investment int.	1.25	July 21	1.25	—	4.0
Land Investors int.	0.35	July 21	0.35	—	1.77
Macdonald Martin "A"	4.4	Aug. 22	4.4	7.0	6.5
"B"	2.2	Aug. 22	2.2	3.5	3.25
McCorquodale int.	4.0	July 30	3.63	—	11.33
A. J. Mills int.	1	July 24	0.92	—	2.33
Scottish and Merc. int.	0.84	June 18	0.84	—	2.30
"The Times" Veneer Co.	0.18	—	0.19*	0.38	0.39*
United Scientific int.	0.85	Oct. 1	0.7	—	2.45
Vernon Fashions	1.59	—	1.64	2.59	2.37
Yorks. & Lancs. Inv. int.	0.35	July 11	0.35	—	1.05

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues.

John Folkes Hefo ahead so far

TO DATE in 1975 profits of the midlands engineering group, **John Folkes Hefo**, are higher than in 1974, chairman Mr. J. W. Hearnshaw tells members in his annual statement.

He adds that he will be disappointed if they do not continue *to increase, a substantial* reduction in interest on loans and mortgages being a major contributory factor.

During last year the group followed the policy of reducing borrowings as fast as practicable, and will do its utmost to do the same this year. Balances due to bankers in 1974 fell from £8.92m. to £4.87m.

In the light of professional valuations, a fair value of the land and buildings based on existing use, in the opinion of the directors, is approximately £7m. excluding building land and ground rents held as stock and investments. This compares with a balance sheet value of £5.57m.

The goodwill figure in the con*solidated balance sheet has been* reduced from £4.18m. at December 31, 1972, to £2.6m. at December 31, 1974. During the next few years the group aims to continue to reduce the remaining balance.

As reported on May 15 pre-tax profit for 1974 expanded from £2.85m. to £3.55m. and the dividend is raised from 0.879945p to 1.018227p net. A percentage analysis of turnover and profit shows, engineering 89 (85) and 94 (68), merchanting 4 (3) and 6 (same) and housing 7 (14) and nil (26).

Meeting, Birmingham, on June 26, at noon.

Embankment's investment policy

Embankment Trust's investment policy has been to concentrate on assets and earnings overseas and in those industries and companies which in the directors' view are best placed to preserve and increase the value of these assets, says the chairman, Mr. E. L. Baillieu.

As known net revenue for the year to March 31, 1975, after tax at £279,703 was £21,108 down on the previous year, which was inflated by approximately £21,500 because of changed dates of payments of dividends.

The last quarter brought a recovery after the very substantial falls in world stock markets during the first three quarters, with the result that, having fallen about 40 per cent. at one stage during the year, the net asset value per Ordinary share, assuming full conversion of the Convertible Loan Stock, had at the end of the year fallen by only 4 per cent. (from 74.6p to 71.5p).

Meeting, 21 Moorfields, EC, June 26 at 12.15 p.m.

Chairman's statement Page 23

Substantial Bowthorpe order book

Mr. R. Parsons, managing director of **Bowthorpe Holdings**, told the annual meeting that results for the year should be satisfactory, although the directors could not produce further records.

They face the future with optimism, due to the substantial order book and signs of an early recovery in the company's widespread overseas operations.

Mr. Parsons referred specially to the cassettes division, where the recession had turned and where greater production was scheduled for the remainder of the year.

Vernon Fashion peak—10% scrip

The record profit forecast by the directors of **Vernon Fashion Group** for the year ended February 1, 1975, turns out to be £365,909 before tax compared with £255,793 for the previous 53 weeks. *At half way* the advance was from £44,791 to £84,332.

Earnings for the year are shown to have risen from 7.11p to 9.12p per 10p share and the dividend is lifted from 2.375p to a maximum permitted 2.5917p with a final of 1.3951p net. In addition a 1-for-10 scrip issue is proposed for holders registered on June 27.

Currently, the group is trading at a higher level than ever before. It is anticipated that the half year's profits will be "significantly" higher than the corresponding period, the directors state.

Meeting, Great Eastern Hotel, E.C., on July 25, at noon. It is proposed to increase the authorised share capital from £200,000 to £300,000.

	1974-75 £	1973-74 £
Turnover*	4,296,171	2,838,422
Profit	365,909	255,793
Tax	201,824	127,868
Net profit	164,085	127,925
Dividends	46,850	42,780
Retained	117,435	85,145

* Excluding VAT.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1975 High	1975 Low	Stock	Closing Price p	+ or −	Div. Amount	Times covered	Gross Yield	P/E Ratio
—	F.P.	—	£36⅛	£25⅝	Bell Canada ($25)	£34⅝	−⅛	—	—	—	—
‡	F.P.	—	£22¼	[illegible]	Cont. Can. Inc. $US1	£20⅜	−¼	$1.6	—	4.1	—
‡R2	F.P.	30/5	365	293	Deelkraal Gold Mining	340	+18	—	—	—	—
..	F.P.	—	[illegible]	[illegible]	Ewart New Northern	131	.....	—	—	—	—
140	F.P.	20/6	181	154	Rank 'A'	170	−2	—	—	—	—

FIXED INTEREST STOCKS

Issue Price	Amount Paid up	Latest Renunc. Date	1975 High	1975 Low	Stock	Closing Price £	+ or −
£10-	F.P.	—	100½	98⅝	Agricultural Mortgage 11% 1976	100	.....
‡£100	Nil	—	40	25	Allied Irish 10% Conv. Uns 1985	26½	+1
£100	£10	—	11⅝	11⅛	Colne Valley Water 9% Red. Prf. 1980	11¾	.....
‡£100	nil	—	29	21	Gestetner 'A' 10% Conv. Uns. '90/95	27¼pm	+½
$98	F.P.	—	$97	$96½	Granges 9¾% Bonds 1985	$97	.....
£97¾	£40	—	39¾	37	GLC 12½% Stk. 1982	38½	.....
‡	F.P.	22/8	[illegible]	10	Greenwood & Batley 15% Uns. 1976	100	.....
£99	F.P.	30/5	102¼	98½	Lanston Corp. 10% 1980	101	.....
‡£99	F.P.	30/5	105½	101	Mid-Kent Water 10% Prf. 1980	104½	.....
‡	F.P.	23/5	106½	101¾	Mid-Southern Water 10% Prf. 1980	103xd	.....
$100	F.P.	—	$101	$100½	Norsk Hydro 9¾% Bds. 1985	$101	.....
£100	F.P.	21/5	116½	106	N. Atlantic Secs. 7½% Cnv. 95-86	116½	+1
$98	F.P.	—	$99	$96½	Ottawa-Carleton 9% Deb. 1900	$99	.....
$99	F.P.	—	$101	$82½	Papua New Guinea 9¾% Guar. 1985	$101	.....
‡£276	F.P.	—	105¼	100	Rickmansworth & Uxbridge 10% Prf. 1980	103½	−½
£100	F.P.	30/5	155	122	Slough Estates 10% Conv. Uns. 87/90	146	−2
£99½	£45	1/8	46¼	45½	Southend-on-Sea 12¾% 1981	44½	.....
£99	F.P.	11/4	105	[illegible]	S. Staffs. Water 10% Prf. 1980	104½	.....
‡	F.P.	18/4	105	101	Sutton District Water 10% Prf. 1980	101½	.....
£99¼	£65	—	65	65	Warwickshire 12½% Red. Stk. 1980	65	.....
—	F.P.	14/2	90	80	Worth (Bond) 12% Conv. Uns.	86	.....
‡£100	£50	2/10	97	67	Yorks Chems. 12½% Conv. Uns.	77	.....

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date (1)	Latest Renunc. Date (2)	Stock	Closing Price p	+ or −
100	F.P.	28/5	30/5	Ash & Lacy	130	.....
55	F.P.	16/5	2/7	Associated Biscuit	68	+5
43	Nil	—	—	Associated Engineering	15pm	+2½
10p	F.P.	15/5	16/6	Aurora Holdings	11¾	.....
55	F.P.	28/5	30/5	Cadbury Schweppes	47	+½
A$1.59	Nil	—	—	Commercial Bank of Australia	110pm	.....
55p	F.P.	19/5	10/6	Delta Metal	68	+1
25	Nil	—	—	Elliott Grp. (of Peterboro)	12pm	.....
150	Nil	10/6	12/6	Fairclough (Leonard)	24pm	−2
175	F.P.	19/5	20/6	Guest Keen	254	+3
52	Nil	—	—	Hawkins & Tipson	22½pm	−½
125	Nil	4/6	6/6	Linfood Hldgs.	29pm	−4
40	Nil	—	—	Macarthys Pharm.	17pm	.....
100	F.P.	28/5	30/5	Manlire & Garton	126	+1
100	Nil	28/5	30/5	Marshalls Universal	30pm	+2
60	F.P.	21/5	25/5	Martin Black	104	+1
60	F.P.	16/5	16/6	Morgan Crucible	91	−2½
25p	Nil	10/6	12/6	Pahang Cons.	⅝pm	+¼
105	Nil	—	—	Prudential Ass.	22pm	+8
47	F.P.	—	—	Richard & Wallington	62	−2
Kr60	F.P.	—	—	S.K.F. "B"	200pm	.....
95	F.P.	31/5	2/6	Simon Eng.	110	−1
77	F.P.	12/5	6/6	Spirax-Sarco	123	+8
315p	Nil	9/6	11/6	Sun Alliance	109	+4
125	F.P.	30/5	5/6	Tarmac	138	−1
75	Nil	—	—	United Biscuits	26pm	−1
25	F.P.	27/5	9/6	Western Selection	35	.....

Renunciation date usually last day for dealing free of stamp duty. *a* Placing price to public. *b* Figures based on prospectus estimate. *d* Dividend rate paid or payable on part capital, cover based on dividend on full capital. p*** Pence unless otherwise indicated. *a* Forecast dividend, cover based on previous year's earnings. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividends. ** Issued by tender. Offered to holders of Ordinary shares as a "rights." ♥ 290 S.Afr. cents. ★ Rights by way of capitalisation. ╥╥ Tender allotment price. ♦ Reintroduced. ‡‡ Issued in connection with reorganisation, merger or take-over. ♣ Introduction. ♠ Issued to former Preference holders. ‡ Allotment letters (or fully-paid). † Provisional or partly-paid allotment letters. ‡ With warrants.

McCorquodale first half advance

TURNOVER of printers, **McCorquodale and Co.**, increased from £14.13m. to £19.25m., including the share of the associate, and group pre-tax profit expanded from *£0.88m. to £1.41m. in the half* year to March 31, 1975, or only £0.51m. short of the £1.92m. for all the year to September 30, 1974.

The interim dividend is stepped up from 3.629p to 4.0p net per £1 share. Last year's total was 11.329p.

	Six months 1975 £000	1974 £000	Year 1973-74 £000
Group turnover	[illegible]	[illegible]	[illegible]
Share associates	[illegible]	[illegible]	[illegible]
Group profit	[illegible]	[illegible]	[illegible]
Other income	29	75	[illegible]
Interest payable	275	[illegible]	[illegible]
Balance	1,164	747	1,704
Share associates	[illegible]	[illegible]	[illegible]
Profit before tax	**1,407**	**832**	**1,923**
Taxation	686	433	[illegible]
Outside holders	4	2	3
Extra-ord. debits	17	*42	[illegible]
Pref. dividend	—	—	4
Equity earnings	**698**	**455**	**[illegible]**

* Credits.

● comment

Even though the comparable period was depressed to the tune of about £200,000 by the power problems and by another £100,000 for an exceptional item, McCorquodale has still had a sound first half. Unlike most of those in the printing and publishing sector, McCorquodale is not dependent on advertising. It concentrates on specialist printing such as cheques (contributing over 20 per cent. of turnover) and here growth has not only been steady but it has been easier to pass on rising costs. For the second half, however, orders have been harder to come by and considering that the same period of last year benefited from unsatisfied first half business, it would tend to suggest less dramatic results. Still, with good growth already in the bag there should be few short-term worries for the shares at 173p where the yield is 11½ per cent.

Francis Industries

Mr. D. M. Saunders, chairman of **Francis Industries**, told the annual meeting that, because of the considerable disruption to production in the motor industry, first half profits this year would be lower than those of the same period of 1974.

He said it was impossible to assess the economic environment in which the group would have to operate for the second half, and he could not give any indications as to what might be the results for the year.

But he added that the group was currently trading at a profit and the overdraft had been substantially reduced *since* the year end — it was now well within the available facilities.

Better start by Thomson

A warning that the profitability of the **Thomson Organisation's** publishing interests over the first four months of the current year show "a marked decline" over the same period of last year, was issued yesterday by Mr. Kenneth Thomson, the joint chairman. He added that the outlook for the group's newspapers for the remainder of the year was not encouraging.

But on the results for the group as a whole, Mr. Thomson struck a more optimistic note, saying that the management accounts to end-April showed that results for the first four months reflected "some improvement" over last year. The main reason for this, he said, was the current strength of Thomson Travel which was performing particularly well.

"Our tight control of cash, together with low interest rates, have reduced our interest costs," he added.

Turning to the group's oil interests, Mr. Thomson said that development of the Piper Field was proceeding as planned.

"Assuming all goes according to plan we are anticipating that oil will start flowing from Piper in the first quarter of 1976," he told members.

ISSUE NEWS

SHORT-TERM LOCAL LOANS

The coupon rate on this week's batch of local authority one year bonds has eased again — to 11¼ per cent. against 11½ per cent. last week. The bonds are due on June 9, 1976 at par.

This weeks issues are:— Colchester Borough Council (£1½m.), New Forest District Council (£¾m.), South Staffordshire District Council (£½m.), Fife Regional Council (£1m.), City of Bradford Metropolitan Council (£½m.), City of Portsmouth (£1m.), City of Bath (£1m.), Kirkcaldy District Council (£½m.), City of Wakefield Metropolitan District Council (£½m.), Ynys Mon Isle of Anglesey Borough Council (£½m.), Kingswood District Council (£½m.), Wyre Forest District Council (£½m.), Lliw Valley District Council (£½m.), Cumbernauld and Kilsyth District Council (£½m.), Wansbeck District Council (£0.3m.), Sedgefield District Council (£½m.), City of Salford (£1m.), Falkirk District Council (£½m.), Runnymede District Council (£1m.).

WATER STOCKS

Underwriting has been completed for an offer for sale by tender of £1.6m. Folkestone and District Water Company and £1.25m. North Surrey Water Company 9 per cent. Redeemable Preference Stocks 1980.

Full particulars of both will be *available on Thursday. Brokers to* the issue are Seymour, Pierre and Company.

HENDEN—STUART

Hewden-Stuart Plant announce a 1 for 5 scrip issue to Ordinary shareholders.

هكذا من الأصل

Member, FDIC

Frequent meetings of Morgan officers from around the world are held in major financial centres: In New York Senior Vice President Robert Hill (centre) discusses latest international banking developments with heads of the bank's representative offices.

For quick response to complex banking needs, worldwide, consider Morgan Guaranty

When you do business internationally, financial problems are more complex. You need a bank that combines broad resources with depth of experience, a bank with short lines of communication and the quick response of a unified team.

To meet this need, consider Morgan Guaranty. Morgan offices in the world's key financial centres—in the U.S., Europe, the Middle East, South America, the Far East—are staffed by bankers with an unusual degree of international expertise.

These bankers are in frequent contact with all our offices. Many have served at several Morgan locations and know intimately the economies, industries, and financial markets of different countries. They also know where in the bank to find the further specialised knowledge and skills your problem calls for.

This means that any Morgan officer can quickly draw on the entire bank to marshal the right combination of talents and experience for just about any financial service you may require—whatever your country or currency or corporate objective.

Morgan Guaranty is an unusual bank, compact and mobile, serving 96 of the world's 100 largest corporations—and a great many smaller ones, too. We could be the unusual bank you need. Call on us at any of our offices.

Morgan Guaranty Trust Company, 23 Wall Street, New York, N. Y. 10015; in London: 33 Lombard Street, E.C. 3; 31 Berkeley Square, W.1 • Other Banking Offices: Paris, Brussels, Antwerp, Frankfurt, Düsseldorf, Munich, Zurich, Milan and Rome (Banca Morgan Vonwiller), Tokyo, Singapore, Nassau • Representative Offices: Madrid, Beirut, Sydney, Hong Kong, Manila, São Paulo, Caracas • International Banking Subsidiaries: San Francisco, Houston • Incorporated with limited liability in the U.S.A.

Morgan Guaranty - the corporate bank

INTERNATIONAL COMPANY NEWS + EURO MARKETS

Smaller family stake in Oerlikon-Buehrle

BY JOHN WICKS

ZURICH, June 3.

THE BUEHRLE family is to reduce, from 78.3 to 60 per cent., its share of the capital of Oerlikon-Buehrle Holding AG, the Zurich-based parent company of the internationally active industrial group. This move marks the second phase in a programme aimed at the gradual transfer to the general public of the majority stockholding held by the company president Dr. Dietrich Buehrle and his sister Hortense Anda-Buehrle, which was initiated in mid-1973 by the placing of 200,000 Bearer shares on the open market.

The increase to 40 per cent. of the general public's stake in the holding company will be effected without an increase in the company's Sw.Frs.230m. capital—the current state of the market not having favoured an issue of Registered shares which had been under consideration. Instead of this, 304,000 of the existing 506,000 Registered shares—all of which were hitherto owned by the family—will be split into 760,000 new Registered shares with a corresponding reduction of nominal value from Sw.Frs.250 to 100. The remaining 202,000 existing Registered shares will be converted into Bearer shares with an unchanged Sw.Frs.250 face value.

Subsequently, a bank consortium headed by the Union Bank of Switzerland will take over from the family 300,000 Registered and 50,000 Bearer shares for placing on the market. The Registered shares will be offered to Swiss citizens or Swiss-controlled legal bodies based in Switzerland at Sw.Frs.240 each, the Bearer shares to be offered at a 1:4 ratio and a probable price of Sw.Frs.850 each to existing holders of Bearer shares.

Speaking at a Press conference here to-day, Dr. Buehrle said that on the basis of results for the first five months of this year group turnover should be up by about 25 to 30 per cent. and group profits for the year satisfactory. In 1974, the Buehrle group had booked a 27.8 per cent. rise in total sales to Sw.Frs.1.61bn (1.26bn.), this growth being accounted for, about one-third, by the consolidation in the group figures of new subsidiaries.

Last year, military products accounted for 42.8 per cent. of group turnover, machinery for 14.8 per cent. physics-sector and electronic equipment for 11.4 per cent., welding equipment for 11.2 per cent., textiles for 10.5 per cent. and miscellaneous operations, including hotels, real-estate and insurance businesses, for 9.3 per cent. In 1975, Dr. Buehrle said that the increase in overall business will be accounted for primarily by the machine-building operations and the contracts division, with military activities probably expanding rather faster than production of civilian equipment. A smaller growth rate will probably be booked by the welding division, while the insurance, hotel and real-estate sub-divisions are expected to show turnover at about 1974 levels. The Liechtenstein-based Balzers division, which concentrates on high-vacuum technology, is not expected to share much if any growth this year and Dr. Buehrle said it would be difficult for it to meet targets, while a considerable fall in sales is anticipated for the textiles field.

Group cash-flow exceeded Sw.Frs.100m. in 1974, it was stated by company director, Dr. Ernst Winkler, permitting a high degree of internal financing of the group's Sw.Frs.122.4m. investments. No group profit figures are to be published until next year, though these are understood to have reached 1973 levels despite the exchange-rate alterations. Net profits of the holding company rose Sw.Frs.6.7m. to Sw.Frs.31m. in 1974, allowing a rise in dividend to a recommended 12 (10) per cent.

Holderbank problems

BY JOHN WICKS

ZURICH, June 3.

THE SWISS CEMENT industry holding company Holderbank Financiere Glarus expects its income to be adversely affected in the near future by falling demand on major markets. While 1974 was a record year for the company, with a rise in income from participations to Sw.Frs. 36.18m. (33.18m.) and parent company net profits up to SwFrs.21.92m. (20.99m.), the holding concern will as from this year be feeling a downturn in affiliates' business after a year's time lag.

This can be expected to depress the income from participations sum for 1975, President Max Schmidheiny told a Press conference in Zurich, although certain compensation was hoped for from markets less affected than those of Switzerland, Germany, the Benelux countries or France. Holderbank would keep to its policy of geographical diversification rather than entering into new fields of activity. It should be possible to keep up the dividend of the holding firm, he added. For 1974, this is of an unchanged rate of Sw.Frs.14 per share.

Group turnover last year reached a value of Sw.Frs.1.8bn. (1.73bn.), and would have risen to as much as Sw.Frs.2.1bn. had *there been no alterations in exchange rates.* The monetary situation made itself felt even more strongly in the group net profit figure, which instead of increasing from the 1973 sum of Sw.Frs.141m. to over Sw.Frs. 151m. dropped sharply to Sw.Frs. 100.75m. This decrease will make itself felt in the holding company's accounts for the current year. Although the group booked a 3.7 per cent. increase in sales volume in 1974, it was badly hit by sharp falls in demand on the important Swiss, German and U.S. markets. It was decided to close or introduce short-time working in a number of German plants.

Cement sales are expected to fall in 1975 in Switzerland, Germany, France and a number of other markets in which the Holderbank group operates.

S. Africa raises Dm30m.

South African Railways and Harbours Johannesburg is making a Dm.30m. five-year 9½ per cent. private placement with a 99 per cent. issue price to go on sale from to-day, Berliner Handels - Gesellschaft - Frankfurter Bank (BHF-Bank) said as issue manager. The loan is guaranteed by the Republic of South Africa.

Meanwhile the United States of Mexico is floating a Dm.100m. 9 per cent. seven-year Eurobond with pricing expected at par, market sources said. Lead manager is Deutsche Bank.

The Dm.100m. Eurobond issue of Voest-Alpine is expected to carry a coupon of 8¾ per cent. with an issue price of around 98 to 98½ per cent., Strauss Turnbull said as one of the underwriters to the issue.

*

Volvo's Fls.50m. 8¾ per cent., 10-year bond on the public Dutch capital market will be priced at par, Amsterdam-Rotterdam Bank said as one of the underwriters. Reuter

*

The Philippines National Bank has arranged a $30m. five-year Eurocurrency loan, at a spread of 1½ percentage points over London interbank Eurodollar offered rates. Lead managers were named as Kuhn Loeb and Co. International with Cie Financiere de la Deutsche Bank and Bancom Development.

HAL hopes to curtail losses

By Michael Van Os

HOLLAND AMERICA LINE, which made an operating loss of Fls.15.8m. last year after much heavier losses still the year before, said that it had "good expectations" that losses would be curtailed further in 1975. It could not be more precise in view of the many uncertain external developments.

The company said in its annual report, published in Rotterdam to-day that last year's losses were chiefly the result of major setbacks in its *substantial cruising activities.* The policy for the tourism division (turnover Fls.176m. last year) would primarily be aimed at reducing the losses in the cruise sector by cutting costs sharply and by refraining from making any new investments there. Much would depend, however, on external developments such as the recovery of the U.S. economy, the position of the dollar and the cruise over-capacity situation. Results in the tourism division would improve substantially, but losses were likely to persist. The prospects for the non-cruising activities in the tourism division were considered positive.

The report said that the trading division (turnover Fls.114m. last year) would again develop positively this year, and that in the special transport division (turnover Fls.62m.) the booking situation for ships was satisfactory. However, the land-based activities—heavy road transport and crane-hire—, were suffering from the lower investments by Dutch industry; rationalisation measures were being effected.

As reported earlier, HAL is not paying a dividend this year (again) and the net profit of Fls.31m. resulting from the sale of fixed assets (ships) totalling Fls.11.6m. and the book profit from the sale to the Swedish Brostroem company of its transport division (Fls.35.2m.) will be added to the general reserve.

After adjusting the figures to *incorporate the Swedish sale,* total turnover (consolidated) had increased by 21 per cent. to Fls.677.2m. while total costs had gone up 12 per cent. to Fls.617.2m.

The strong revival of the sea freight market, which had led to the substantial increase in turnover, as well as the the measures taken in the cruising sector had resulted in a strong improvement of cash flow. Financing charges had advanced steeply but they should come down again this year as a result of the receipt of the cash element in the sale price of the transport division.

Paribas remains confident despite economic outlook

BY RUPERT CORNWELL

PARIS, June 3.

AFTER AN increase in both *net earnings and dividend last* year the major French investment and merchant banking group, Paribas, is expecting a further improvement in its results for 1975 despite the mediocre economic outlook in France and elsewhere.

In his speech to the annual general meeting of the holding company, Cie Financiere de Paris et des Pays Bas, president Jacques de Fouchier expressed strong confidence in prospects for both this year and over the medium term.

The bulk of his statement however was a review of last year and an explanation of why Paribas had achieved a rise in consolidated earnings to Frs.310m. from Frs.269m.—equivalent to Frs.23.72 per share against Frs.21.52 for 1973.

The first reason he gave was the sudden fall in interest rates in the latter stages of 1974 which had once more permitted the group to show a profit on loans extended but which for a period had to be refinanced at a higher cost on the short term market.

This trend towards easier interest rates was continuing, M. de Fouchier said, which augured well for the first part of this year. Meanwhile, the group has also benefited from its existing structure, under which earnings from unconsolidated subsidiaries were only reflected in the overall figures after a year's delay. Thus good 1973 returns appearing only in the 1974 accounts had improved the picture for last year significantly.

Turning to other achievements, M. de Fouchier pointed out that Paribas had extended significantly its domestic branch banking network and had built up its overseas representation — not only in the Middle East but also in the U.S. where its meagre presence had long been a problem.

Coupled with the difficulties facing the banking sector in France, this had produced a sharp increase in foreign-generated profits to 40.3 per cent. of total earnings from only 27.1 per cent. in 1973.

In its first year of operation the Paribas subsidiary Credit du Nord et Union Parisienne—the offspring of the merger of Credit du Nord and Banque de l'Union Parisienne—had turned in a net profit of Frs.18.7m. Its international connections, through the 5 per cent. stakes held in its Frs.240m. capital by National Westminster Bank and Bayerisches Vereinsbank of Germany, appear to have stood it in good stead.

French tights link

BY GILES MERRITT

PARIS, June 3.

A LINK between the two largest manufacturers of women's tights and stockings in France is now being actively negotiated.

If the talks between Dim-Rosy and its chief competitor in the French market, Colroy, result in a pact between the two companies at least 80 per cent. of the country's fashion hosiery production and 50 per cent. of domestic sales will be controlled by a single organisation.

Although France has never policed monopoly situations with the same rigour as Britain or the U.S. the two companies are clearly sensitive that their move may provoke unwanted official attention. Announcing the discussions, the head of Dim-Rosy, which with annual sales of Frs.430m. last year is France's largest tights maker, has stressed that there is no question of a merger between his company and the smaller Colroy.

Instead, he said, the talks were centred around the formation of a joint holding company which would regroup the interests of both, while allowing each to "maintain its independence."

Whatever the details of the pact the new hosiery grouping will boast a labour force of over 4,500 with sales this year that will be over Frs.600m.

Freudenberg sales contrasts

BY GUY HAWTIN

FRANKFURT, June 3.

FREUDENBERG AND CO., the West German leather, artificial leather and plastics producer, has reported a consolidated group turnover of DM1.64bn. in 1974. This is an increase of 7.4 per cent. over the previous year's figure of DM1.52bn.

Growth was slower than in the previous year when sales rose by 9.5 per cent. A breakdown of 1974 turnover showed some 47 per cent. was generated in the German market, while 23 per cent. was derived from exports and 30 per cent. from overseas operations.

In the leather and shoe material sector there was a sharp fall in turnover derived from leather production in the Federal Republic. It fell from 1973's DM125m. to DM81m. as a result of the "policy for cutting the leather risk in German production."

The concern last year closed down its Schoenau leather-producing plant near Heidelburg as well as the small unprofitable Lederfabrik Gerhardus in Vienna. And during the current year there are plans for further cuts in West German leather production. Leather output overseas, however, last year rose from DM51.8m. in 1973 to DM56.6m.

Sales of rubber sole sheets fell by 7 per cent. from 1973's DM67m. to DM62m. as a result of the bad labour situation in the shoe industry. Operating profits, however, were positive *but by no means satisfactory,* said the report.

Turnover in the precision gaskets and parts sector, which delivers mainly to the motor and machinery industries, rose by 14 per cent. from DM387m. to DM448m. Of this figure, West Germany accounted for DM305m.—an 18 per cent. increase on the performance a year before.

Domestic output of fleece fabric, of which Freudenberg is the world's leading producer, contributed DM290m. of the division's DM425m. turnover. Sales were 12 per cent. up on 1973's DM381m. However, profits were hit by sharpened competition.

The artificial leather division also showed a 7 per cent. increase in turnover from DM225m. to DM240m. in a tight production situation. The concern's shoe-making interests—which are not doing too badly—and the trading companies declined partly in volume and partly in turnover during 1974. Turnover totalled DM196m. compared with DM207m. for the previous year.

Companies in which Freudenberg has a minority holding—and which are not included in consolidated group figures—showed a satisfactory increase in turnover from DM546m. in 1973 to DM625m.

Investment by the group totalled DM121m. compared with DM117m. the year before and, of this, 54 per cent. is earmarked for the Federal Republic. Over the year the concern slimmed its payroll from 25,400 workers to 23,300.

W. German ethical drug production up 14.6%

BY GUY HAWTIN

FRANKFURT, June 3.

WEST GERMAN ethical drug production grew by 14.6 per cent. *last year to hit very near the* DM10bn. mark, according to a report by the Federal Republic's Pharmaceutical Industry Federation.

Sales totalled DM9.99bn. and growth was markedly higher than the previous year's 10.5 per cent. The federation comments that despite increasing difficulties the industry has managed to build up its leading position in the world market.

Ethical drug exports rose steeply by 22.4 per cent. to *DM3.5bn. This compares with* the still healthy 13.3 per cent. increase recorded in 1973. The fastest rate of increase—45.9 per cent.—was registered in the United States.

Exports last year accounted for about a third of West German ethical drug sales. Without the rapid rise in exports the 1974 growth rate would have been reduced to 11.6 per cent.

Imports of ethical drugs actually went up faster than exports. Total value of imported drugs reached DM1.5bn.—some 29 per cent. more than registered in the previous year, and well above the 1973 increase of 12 per cent. However, in the industrial sector there remained a substantial DM2bn. trade surplus in West Germany's favour.

Export earnings by the pharmaceutical industry have been by no means as high as turnover growth. The competition abroad has been sharpened particularly by the appreciating *value of the D-Mark.*

There have been measures in certain countries to control pharmaceutical prices which have adversely affected German exporters plagued by the increasing international worth of the D-Mark. At the same time the federation complains that some countries, particularly in the Third World, have not been respecting patent agreements.

Official reaction to Haw Par deal

BY H. K. LEE

SINGAPORE, June 3.

IN ITS FIRST official reaction to the Haw Par Brothers International's deal with Pernas Securities of Malaysia, the Singapore Government in a Press statement to-day declared that it had no objection in principle to the acquisition by foreign companies of an interest in Singapore companies.

However, Singapore, as a financial centre it said, had to uphold high standards of conduct on the part of companies operating here. The statement added that it was a matter of concern to the Singapore Government that the rights of the shareholders were protected.

The Government statement was issued after the chairman of Pernas Securities, Tengku Razaleigh Hamzah, called on Singapore's Finance Minister, Mr. Hon Sui Sen, to-day to brief him on the developments which led to the recent agreement between Pernas Securities and Haw Par. Mr. Hon assured Tengku Razaleigh that submissions made to the Singapore's Securities Industry Council—whose approval for the deal is required—by the parties concerned will be expeditiously dealt with.

Tengku Razaleigh in his meeting with the minister emphasised that the proposed exchange of shares between the two companies was subject to the approval of shareholders of Haw Par and also of the regulatory bodies in Malaysia and London and of the Stock Exchange of Singapore and the Securities Industry Council in Singapore.

Commenting on the Government's statement, Haw Par's managing director said he was confident that the deal with Pernas will be approved.

Meanwhile, Haw Par will be sending a circular on June 12 to all shareholders, containing information of the deal as well *as all information requested by* the Stock Exchange of Singapore.

St. Gobain sees lower earnings

Financial Times Reporter

LOWER PROFITS for Saint-Gobain-Pont-à-Mousson are forecast in the group's annual report for 1974, published to-day.

The directors report that although figures for 1974 were satisfactory, there was a sharp downturn in the second half-year. Expansion continued in in some divisions, however, and the fundamental reasons for the merger of the two companies from which Saint-Gobain-Pont-à-Mousson was formed remained valid in difficult times, they state. It was the group's wide spread of operations and locations which would ensure its long-term growth, the directors forecast.

Divisions particularly affected by the downturn in the last six months of 1974 were automotive glass, textile fibreglass, asbestos-cement, plastic pipe, heating and household construction. Ductile cast-iron pipe, refractory products and insulation continued to expand. With sales of insulating products of Frs.1.8bn., an increase of 23 per cent. over 1973, the group is now the world industry leader in this field. Insulation is on the way to becoming as important for Saint-Gobain as glazing.

Bombardier looks at Canadian Vickers

By Robert Gibbens

MONTREAL, June 3.

THE NAME of Canadian Vickers, Canadian arm of Vickers of the U.K., is being mentioned freely as a possible member of a new Quebec based transportation and electrical equipment manufacturing group centred on the Bombardier snowmobile company.

Canadian Vickers several years ago went out of shipbuilding, while staying in the ship repair business and building up its general engineering side, particularly equipment for nuclear power stations—and it has been prospering.

Earlier this year Bombardier, ailing as the energy crisis and rising cost of gasoline hit sales of snowmobiles and slower business cut into pulp and paper companies' orders for skidders and other forest equipment, successfully bid for MLW-Worthington, the Studebaker - owned locomotive and engineering *products company in Montreal.*

Bombardier, with a new president, J. Claude Hebert installed, then started negotiations with the Simard interests and the Quebec Government for buying out their controlling shareholdings in Marine Industries, second largest shipbuilding company in Canada and makers of turbines for Hydro-Quebec's big hydro projects.

Earlier Bombardier, with Government help, won out over Canadian Vickers in getting a contract worth well over $C100m. for Montreal metro cars.

Now Mr. Hebert has confirmed he has his eye on Canadian Vickers, and the merged Bombardier-MLW would like to start negotiations towards acquiring control. Canadian Vickers has denied any negotiations have taken place, and says it is not for sale. In the National Assembly, Premier Robert Bourassa confirmed indirectly that there is a general interest *in the acquisition of Canadian* Vickers.

SELECTED EURODOLLAR BOND PRICES MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
Amax 8¾pc 1986	98¼	99¼
Ashland 8pc 1987	92	93
Austraswiss 8pc 1987	90½	91½
BFCE 9pc 1989	98½	99½
Borregaard 9½pc 1989	96	97
Carrier 8pc 1987	90	91
Conoco 8pc 1986	96	97
Consd. Foods 7½pc 1991	85½	86½
Cutler Hammer 8pc 1987	91½	92½
EIB 9¾pc 1985	101	102
Esso 8pc 1986 Nov.	97½	98½
General Cable 8½pc 1987	89½	90½
General Motors 8¾pc 1986	101½	102½
GTE 8½pc 1986	97½	98½
ICI 7¾pc 1992	78	80
Nat. Grindlays 7½pc 1987	76	78
Pacific Light 8pc 1988	91½	92½
Prov. of Quebec 7½pc 1988	90½	91½
Quebec Hydro 8½pc 1989	99	100
Queensland 8½pc 1987	88½	89½
Scanraff 8½pc 1988	94½	95½
Shell 8pc 1986	95½	96½
Standard Oil (Inc.) 8½pc '88	99½	100½
Tenneco 7¾pc 1987	85½	86½
Transocean 8pc 1986	97	98
TRW 8½pc 1986	95½	96½
Utah 8pc 1987	92½	93½
Volvo 9½pc 1985	99	100
NOTES		
Air France 9½pc 1982	102	103
Aust. Ind. Dev. 10½pc 1981	103½	104½
Barclays 7¾pc 1978	97	99
Cie Ntl. du Rhone 10pc '82	103½	104½
Du Pont 7¾pc 1978	101½	102½
Esso 7¾pc 1978	100½	101½
General Motors 8½pc 1978	100½	101½
Marubeni 9½pc 1982	102	103
Nippon Fudosan 10½pc 1981	104	105
Skand. Enskilda 10½pc '81	104	105
Tenneco 7¾pc 1979	97	98
Tokyo Curacao 10½pc 1981	104	105

Source: White Weld Securities.

CONVERTIBLES	Bid	Offer
American Express 4¼pc '87	81	83
Ashland 5pc 1988	80	82
Beatrice Foods 4¼pc 1992	91	93
Beatrice Foods 4½pc 1992	100	102
Borden 5pc 1992	91	93
Broadway Hale 4¼pc 1987	75	77
Canon Camera 7¼pc 1990	94	96
Carnation 4pc 1987	90	92
Chevron 5pc 1988	100	102
Dart 4¾pc 1987	91	93
Eastman Kodak 4½pc 1988	119	121
Economic Labs. 4½pc 1987	81	83
Fidal 7½pc 1989	100	102
Ford 6pc 1986	81	83
Ford 5pc 1988	77	79
Fuji 6¾pc 1985	108	
General Electric 4¼pc 1987	83	85
Gillette 4¾pc 1987	82	84
Gould 5pc 1987	80	82
Halliburton 4¼pc 1987	138	140
Harris 5pc 1992	67	69
Hitachi 6¾pc 1984	106	
Honeywell 6pc 1986	78	80
ITT 4½pc 1987	69	71
Komatsu 6¾pc 1984	100	
J. Ray McDermott 4¾pc '87	136½	138½
Mitsui 6¾pc 1989	130	
J. P. Morgan 4¾pc 1987	124	126
Motorola 4½pc 1983	120	
Owens Illinois 4½pc 1987	86	88
J. C. Penney 4½pc 1987	84	86
Pioneer 6¾pc 1989	109	111
Rand Selection 6¾pc 1986	102	106
Rank 4½pc 1993	43	45
Revlon 4¾pc 1987	102	104
Sperry Rand 4¼pc 1987	99	101
Squibb 4¼pc 1987	88	90
Toshiba 6¾pc 1985	122	
Union Carbide 4¼pc 1982	110	112
Warner Lambert 4¼pc 1987	96	98
Warner Lambert 4¼pc 1988	86	88
Xerox 5pc 1988	79	81

Source: Kidder, Peabody Securities.

Company Results

Gulf & Western upturn

● Gulf and Western Industries said it expects fiscal 1975 primary per share earnings in excess of $8.50. In fiscal 1974, the company reported primary per share earnings of $5.92.

It made the forecast accompanying its sharply higher fiscal third quarter to April 30 and nine-month results, which rose to $37.3m. compared to $26.9m. $101.5m. from $73.5m. respectively. Net earnings rose to $37.34m. ($26.94m.) and $101.50m. ($73.45m.) while sales totalled $659.2m. ($599.5m.) and $1.92bn. ($1.65bn.).

● Ranger Oil (Canada) revenue for the three months to March 31 rose to $C1.24m. ($C750,000). Net earnings rose to $C637,000 ($C290,000) or earnings per share of 15 cents (7 cents).

● Carrefour—May 1975 turnover before tax rose to Frs.486m. (390m.). This brings turnover for the first five months of the year to Frs.2.14bn. (1.73bn.).

● BIC's turnover for the first four months of 1975 was up 1.1 per cent on the same period last year, president Marcel Bich said. No figures are available, but turnover for the first three months was down at Frs.65.3m. from Frs.67.8 in 1974.

● United Overseas Bank is paying a final 1974 dividend of 7½ per cent (same). The company said it will make a one-for-four rights issue at $Sing2.55 per $Sing1.0 share.

New Pirelli plant

BY TONY ROBINSON

ROME, June 3.

INDUSTRIE PIRELLI, the Italian operating company of *the Dunlop-Pirelli Union,* today opened a L5bn. (£3.3m.) plant at Valpescara in Southern Italy which will produce a wide range of rubberised textile belts for industrial, agricultural and internal combustion engine use.

The new plant is the 11th Pirelli plant to be constructed *in Southern Italy,* aided by cheap credit and cash grants. The 20,000 square metre plant will employ 300 people and the type of production represents a further diversification away from Pirelli's former high dependence on the automobile industry.

COUNTER-INFLATION ACT 1973

The Treasury have given consent to the declaration by the following companies of dividends of the total amounts specified for the financial years ending on the specified dates:

Lindsay & Williams Ltd.	Leeds	£48,006	31.12.74
Allan Kennedy & Co Ltd.	Stockton-on-Tees	£29,843	31. 3.75
Camellia Investments Ltd.	London W1	£55,303	31.12.74
Brent Walker Ltd.	London W1	£99,702	31.12.74

Published by the Treasury as required by the above Act

De La Rue near £1m. decline to £8.27m.

PROFITS OF the De La Rue Company for the year ended March 31, 1975, have fallen by £0.93m. to £8.27m.

Trading profits were off slightly at £9.16m. and the share of associates improved from £1.34m. to £1.76m. However, interest charges jumped £1.17m. to £2.64m.

The new acquisition, Crosfield Electronics, is included for the six months to March 31, 1975. Its profit was £1.3m. and has compensated to some extent for a reduction in the Formica business.

Apart from the need for sharply rising cash requirements to meet increased working capital and capital expenditure aimed at reducing costs, the profits meet the directors' short-term aim of maintaining a reasonably steady performance in turbulent conditions without sacrificing the creative work and investment upon which future progress depends.

About 70 per cent. of profits arose from exports and overseas operations.

Earnings per 50p share are up from 24.5p to 26.2p, and the final dividend is 8.51692p for a total of 10.705p (9.827p).

	1974-75	1973-74
	£000	£000
Sales	101,263	77,034
U.K.	27,484	22,615
Export	24,849	13,398
Overseas companies	47,770	41,021
Sec. printing, transport	55,200	36,308
Plastics	35,900	38,796
Crosfield	8,000	—
Trading profit	9,157	9,394
Interest payable	2,644	1,470
Associates	1,761	1,339
Profit before tax	8,274	9,203
Security printing, etc.	4,200	3,600
Plastics	2,300	5,490
Crosfield	1,300	—
Taxation	3,638	4,359
U.K.	2,327	2,069
Overseas	1,497	2,324
Overprovision	128	34
Net profit	4,588	4,844
Minorities	824	1,553
Attributable	3,764	3,291
Dividends	1,652	1,247
Retained	2,112	1,944
Extra-ord. debits	*313	†1,121

* Mainly the increase in investment currency premium on loans in overseas currencies, less net gains on fluctuations in exchange rates. † Credits.

Profits of Crosfield for the year 1974-75 come to £1.1m., some £600,000 short of the forecast made at the time of the acquisition: this was due largely to the economic conditions in the markets served, which gave rise to postponement of orders, and prolonged industrial disruption at one of the main factories during March.

The 30 per cent. increase in group turnover is due to a number of factors including price increases to the extent permitted by market conditions and price controls. Growth of the Formica business is mainly a reflection of the effects of price increases arising from cost inflation. The security business registered a very satisfactory increase in both the volume and value of its production.

The balance sheet will reflect the acquisition of Crosfield, the £8m. capital investment programme and the effect of the increased sales activity together with that of cost inflation on the levels of working capital. As a result, consolidated loans and borrowings (after balances and deposits) at March 31, 1975, stood at £16m. compared with £2.6m. at the end of the previous year. Negotiations are in progress, and in certain instances agreement has been reached, to convert part of the bank overdraft finance into medium term borrowings.

Plastics experienced an extremely difficult year in all countries because of the worldwide slowing down of economic growth, which brought about a rapid contraction in the construction and furniture industries. In the U.K., the market for the company's products fell for the first time in many years, and this had adverse effects on volume. Earnings were below the record figure for 1974 but profits were maintained at a satisfactory level.

Meeting, Piccadilly Hotel, W., July 30 at 11.30 a.m. First quarter current year results will be given and chairman Sir Arthur Norman will comment on the outlook.

See Lex

BOARD MEETINGS

The following companies have notified dates of Board meetings to The Stock Exchange. Such meetings are usually held for the purposes of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-division shown below is based mainly on last year's timetable.

TO-DAY

Interims: Hickson and Welch, MEPC, Peninsular and Oriental Steam Navigation, Sterling Trust.

Finals: Alliance Investment, J. Billam, John Bright, Fine Art Developments, Philip Hill Investment Trust, Edward Jones (Contractors), Polymark, Rotaprint.

FUTURE DATES

Interims—	
Camford Engineering	June 6
Finals—	
Airflow Streamlines	June 12
Amalgamated Industrials	June 12
Associated British Foods	June 9
British Cinematograph Theatres	June 12
British Steam Specialties	June 17
Caffyns	June 16
Dominion and General Trust	June 10
Eva Industries	June 6
Goldring	June 5
Hill (Charles) of Bristol	June 6
Hinton (Amos)	June 10
Land Securities Invest. Trust	June 17
Levers Optical	June 12
Locker (Thomas)	June 12
London and Northern Securities	June 19
May and Hassell	June 11
Melias	June 10
Monk (A.)	June 20
Mountview Estates	June 10
Sangers	June 12
Travis and Arnold	June 10
Triefus	June 5
Tunnel Holdings	June 12
Wace	June 9
Woodhead (Jonas)	June 13

Swan Hunter Group's contracts £512m.

CURRENT AND future contracts to be fulfilled by the shipbuilding subsidiaries of Swan Hunter Group amounted to £512m. at end-1974. They comprised 29 vessels under construction for £189m., and 30 vessels not yet commenced for £323m.

Included in vessels not yet commenced are contracts to build 12 tankers, including three VLCC's. If any one of these contracts is terminated by the purchasers, they would be liable for a contribution towards meeting any costs arising as a result of the termination, it is stated. Based on their experience the directors consider that any residual cost which might be incurred by the company would not result in a significant financial loss.

The ship repairing subsidiaries have been steadily employed since January 1, 1975, and should remain so unless there is a "significant" contraction in the general level of available work.

The directors report that the major capital expenditure schemes authorised in 1973 have been completed except for the new shipbuilding complex at Hebburn which is now partly operational and which will be fully operational by the autumn of this year.

On June 30, 1974, the Elderslie ship repair yard of Barclay Curle and Co. was sold to Yarrow Shipbuilders for £2m.

At December 31 last commitments of £3.3m. (£9.31m.) were authorised of which contracts were placed for £2.78m. (£7.77m.).

In view of the present uncertainties surrounding the progress of the Aircraft and Shipbuilding Industries Bill, address of the chairman, Sir John Hunter, is to be presented at the AGM.

The directors' report reveals that they decided, in view of the proposed nationalisation, to have the assets of the company revalued as at December 31, 1974. The results of this valuation on an "existing use" basis discloses a surplus over net book value of £26.7m.

As known, pre-tax profits rose from £8.8m. to £12.4m. in 1974. Earnings per share are 37.04p compared with 26.03p before shipbuilding construction grants equivalent to a further 7.84p per share (8.21p). The dividend is 5.4574p per share (5.0245p).

Meeting, Newcastle-upon-Tyne, June 25 at 3 p.m.

See Lex

French BP outlook 'mediocre'

THE INADEQUATE level of French domestic oil prices, combined with the "very difficult" situation in the chemical industry, means the 1975 profits outlook for STE Francaise des Petroles BP SA is mediocre, president Jean Chenevier said yesterday in Paris.

He told the annual meeting that the most serious problem facing the French oil industry was to win Government acceptance of an "equitable relationship between the level of the dollar and domestic oil product prices."

Last year the company made neither a profit nor loss, compared with a 1973 profit of Frs.27.7m., following a shortfall in the gross cash flow of Frs.270m. after renewal of stocks compared with a positive 1973 cash flow of Frs.188m.

O. C. Summers improvement

FIRST QUARTER 1975 profits of civil engineers and public works contractors, O. C. Summers (Holdings), show a marked improvement, reports the chairman, Mr. O. M. Jeavons. He is confident that the group has the capacity further to expand profitability.

As reported on May 19 net taxed profit decreased from £145,836 to £56,366 in 1974, and the dividend is cut from 3.4p to 2.5p net.

Most of the problems have been overcome and orders books are "at an exceedingly high level," says Mr. Jeavons.

While the general economic climate and expansion within the group caused some strain on the cash flow, he feels there are sufficient funds to finance the increased activity forecast for 1975.

An analysis of turnover and pre-tax profit shows O. C. Summers £5,055,951 (£4,911,094) and £161,120 (£382,795); Abbot Birks £1,376,489 (£1,196,711) and £82,390 (£40,038); Envit £768,717 (£513,837) and loss £75,453 (£113,524); Reliance Plant £423,700 (£271,152) and profit £34,507 (£9,059); W. P. Borgmann loss £41,287 (£11,858).

Warren Tea (Holdings) own 34.9 per cent. of the Ordinary. Meeting, 960, High Road, Finchley, June 26, noon.

Aberdeen Constructn. growth

GOOD PROGRESS is being made by Aberdeen Construction Group in the current year on an increasing turnover, says the chairman, Mr. J. K. Hall.

As reported on May 10 profit before tax for 1974 was £2,985,915 (£1,094,743) achieved in a year of extremely difficult trading conditions. The dividend is 3.45p (3.38p) net per share, or 21 per cent. gross (same).

Losses of two companies in the building division, which have now been sold, amount to £1,385,220. The shells only of these companies were sold, the whole trade being transferred to other group companies. The total amount written off Group reserves as a consequence and the cost of closure of Reema (Scotland) amounts to £2.8m.

These sales and the closure of Reema (Scotland) will stop, what has been for several years, a drain on group finance, says Mr. Hall.

The year saw the virtual completion of the fixed price contracts which had to be completed without prospect of recovery of the very considerable increased costs involved in completing the works. In light of this, therefore, results in trading companies must be considered satisfactory, the chairman adds.

An analysis of turnover and profit shows building £21.22m. (£24.54m.) and £0.97m. (loss £0.51m.); civil engineering £10.34m. (£9.61m.) and £1.18m. (£0.82m.); concrete and extractive £5.59m. (£4.83m.) and £0.93m. (£0.85m.); mechanical and electrical £5.75m. (£4.76m.) and loss £0.46m. (profit £0.15m.); group and other £3.14m. (£1.83m.) and profit £0.35m. (loss £0.43m.).

Meeting, Aberdeen, June 27, noon.

Chairman's statement Page 22

Problems for Carpets Intnl.

The Carpets International annual meeting was told that 1975 was likely to prove a difficult year.

Overseas the company was still facing problems, particularly in Australia where the ill effects of massive 1974 imports still persisted. However, from July onwards things should improve and "complete confidence" was retained in the Australian investment.

Shareholders were again assured that the company was soundly based and in "excellent shape" to take advantage of any opportunities which might arise and to exploit successfully any upturn in the present somewhat stagnant marketing scene.

Meeting Page 15

PERCY BILTON

Percy Bilton has complained that yesterday's comment on the balance sheet—stating that the market capitalisation is twice the tangible book net worth—was misleading. The comment was factually correct, but it was not intended to suggest that the shares are overvalued. If the company's current and prospective rent roll is capitalised at a 10 per cent. interest rate, and some allowance is made for the trading side and the effective value of low coupon long term debt, it is possible to arrive at an adjusted asset value close to the share price.

WHITECROFT

Whitecroft has acquired the capital of D. R. Jackson, merchants of engineering materials, of Ellesmere Port, Cheshire.

Net assets of Jackson at October 31, 1974, were £249,000.

Reasonable profit for Rotaflex

The Chairman of Rotaflex (Great Britain), Mr. Jack Frye, said at the annual meeting that the directors expected the downward trend so evident at the end of 1974 to continue and drew up the budget for the initial months of 1975 accordingly.

The lower level of sales expected reflected particularly the depression in the building industry, and the reduced construction programmes in the U.K. and on the continent.

In the event, group performance so far was slightly ahead of that budget, Mr. Fayre reported.

The budget for the second half was at a higher level in anticipation of the seasonal trend in the lighting industry towards increased sales in the final quarter. March and April had seen a slight up-turn compared with January and February and "although it would be misleading to take an optimistic view of 1975 the latest figures give some encouragement that our forecast sales will be achieved. In those circumstances we should show a reasonable profit for the year," the chairman told the meeting.

Pentos forecasts growth

MR TERRY MAHER, chairman of Pentos, told the annual meeting that overall trading continued at a satisfactory level and, despite the uncertainties which made forecasting so hazardous, he was "optimistic" at the prospects of a further improvement in earnings per share during the current year.

Mr. Maher reported that, at the present time, total borrowings amounted to less than £3m. compared to £3.78m. at December 31, 1974, a reduction achieved despite the early payment of the second interim and cost of the additional shares purchased in Wright, Bindley and Gell.

Borrowings now amounted to the equivalent of 33 per cent. of total funds employed, compared with 39 per cent. at the end of last year. Cash flow projections for the remainder of the year continued to be "most encouraging," the chairman added.

Last week, the company announced that its offer for the outstanding shares in Wright, Bindley had been declared unconditional as acceptances had been received which took the total holding to over 50 per cent. — the offer remains open.

'Uniquely' placed—Morgan Crucible

Although it is hard to see through the "swirling mists" of the immediate future, it remains as true as ever that Morgan Crucible is "uniquely placed" to take advantage of any general economic revival, says the chairman, Mr. H. L. Matthey.

More particularly, it can gain from the accelerating demand for energy conservation in the developed world and for basic industrialisation in the developing world.

As reported yesterday, higher interest charges have pulled back the profit from £1.19m. to £1.09m. in the first quarter of 1975-76. Sales were nearly £2m. ahead.

In the year 1974, group sales were £62.48m. (£49.61m.) and profits £6.35m. (£5.67m.). Direct exports from the U.K. plus sales by overseas companies represented about 55 per cent. of total external sales.

Total expenditure to date on the new factory and plant for the carbon division at Morriston, South Wales, amounts to £12.14m. of which £1.96m. was incurred in 1974.

This investment programme is now largely completed and, after allowing for inflation, is within the original estimates. Outstanding commitments and authorisations at end-1974 were £924,000.

Meeting, Morriston, Swansea, June 27 at 3.15 p.m.

J. F. C. Lilley progress

J. F. C. Lilley, the Glasgow-based civil engineering group, was maintaining the momentum in the current year that marked progress in 1974, Mr. J. Aitken, chairman, told the annual meeting.

Subject to the present uncertainties the programme was not likely to lessen, and the Board was at present considering at least three "interesting" projects relating to the Middle East, any of which could well result in tenders being submitted for work in the United Arab Emirates — the chairman said there appeared to be an "almost unlimited" programme of civil engineering work to be carried out there over the next decade.

In the home market, the level of local authority work was satisfactory, and the bonus derived from North Sea oil activities indicated a further increase in turnover being attained this year.

A. J. Mills up 13% midway

On turnover 22 per cent. ahead from £20.2m. to £24.7m., profit before tax of food importers and distributors, A. J. Mills (Holdings) advanced 13 per cent. from £330,104 to £372,476 for the six months ended May 3, 1975.

And chairman Mr. A. J. Mills says that, in spite of the somewhat uncertain current trading conditions, he anticipates a "satisfactory" outcome for the full year. Last year's pre-tax profit amounted to £670,330.

Earnings per 25p share for the half-year are stated at 4.6p (4.5p) and the directors intend to apply the maximum permitted increase to both final and interim dividends. Accordingly the interim is raised from 0.92125p to 1p net. Last year's total was 2.3316p.

Tax takes £210,500 against £170,850, leaving the attributable balance up from £159,154 to £161,976. Cost of the interim dividend is £37,301 (£34,592).

COMPANY NEWS

Walter Runciman sees dividend increase

SHIPPING AND freight agents Walter Runciman and Co. is well placed to face the future, says chairman Viscount Runciman, and there are good reasons to expect an increase in dividend for 1975.

He adds that in so far as the company can control the course of its affairs, the outlook for 1975 is "not discouraging."

Though the shipping division, in the face of sharply rising costs and falling demand, can hardly hope to equal last year's performance, the bulk carriers, including the ship due for delivery in August, are protected against the fall in freight rates by period charters arranged ahead.

There should be no expenses on account of the two "Star" ships. Agreement was reached before the end of last year to dispose of both of them during 1975.

The chairman points out that the eastern service has started the year well, but the consequences of a re-opening of the Suez Canal are still uncertain and there has been a decline in homeward cargoes. The gas tankers, which started less well, show some signs of recovery while the short sea trades with their ancillary services are suffering from the general recession in trade.

If the security division maintains the "excellent" performance it has shown so far this year, it should make a greatly increased contribution, while insurance should at least hold its own.

Profit before tax for 1974, as reported May 21, jumped from £946,468 to £2.41m. and the dividend is lifted from 5.17p to 5.64p net.

A breakdown of turnover and profit shows: shipping £13.64m. and £1.86m., insurance £956,694 and £487,288, and security £9.65m. and £354,485. Holding company expenses after charging interest and unallocated overheads amounted to £300,172.

Future capital expenditure at December 31, 1974, for which contracts have been placed, are estimated to amount to £17.65m. (£7.04m.).

Runciman (Trustees) holds 22.53 per cent. of the company's capital, being the aggregate of the holdings of certain family settlements for which it acts as trustee. Meeting, 52, Leadenhall Street, EC, on June 24 at noon.

Chairman's statement Page 23

James Beattie well ahead

Mr. James Beattie, Chairman of James Beattie, told the annual meeting that sales and profits for the current year to June 1 were substantially above those of last year.

However, he pointed out that in the early months of 1974 the company was suffering from the effects of the three-day week, and it might therefore be more sensible to attempt some comparison with 1973. Comparing then with the first four months of 1973, sales showed an increase of 67 per cent. — inflation over the two-year period had been 38 per cent. and "we can therefore claim some real progress."

Mr. Beattie said he would not like to attempt to forecast the year-end results, since they were faced with many uncertainties. One thing, however, was certain: "In wishing to ensure that the salaries of our members keep pace with inflation, our costs under this head will far exceed the sum included in our estimate."

Culter Guard omits final

ON A TURNOVER up from £12.88m. to £16.1m., group pre-tax profit of Culter Guard Bridge Holdings decreased to £635,731 for the year to March 31, 1975, compared with £808,202 for the previous year. The profit is struck after provisions totalling £86,000 (nil).

When reporting first half profit up from £297,900 to £623,000, the directors stated that, unless the de-stocking process by some customers lasted longer than was anticipated, they felt "reasonably confident" about short-term prospects. The company manufactures quality coated papers, etc.

Stated earnings per 25p share for the year decreased from 5.38p to 4.41p. There is no final dividend —the paid interim of 1.005p net therefore compares with last year's total of 2.55p.

Net profit was £295,389 (£383,493), after tax of £340,342 (£424,700).

The £86,000 provisions comprise non-recurring contribution to funding of pensions of £47,000, and a net of tax £39,000 to meet estimated costs of scaling down operations of Caledonian Reprographics.

The pre-tax profit is struck after allowing for a loss of £117,000 incurred by Caledonian Reprographics, whose performance was worse than anticipated, the directors state.

Sales rose in value by 25 per cent. over the year but declined in volume by 16 per cent. Demand in the first six months reached a very high level, but full advantage could not be taken of this because of the world-wide shortage of market woodpulp, the directors state.

The boom proved short-lived having been caused largely by consumers over-stocking in an inflationary period, and the market collapsed suddenly in December with the result that at the year-end the mills were operating at less than 50 per cent. of capacity.

Mallinson & Denny Mott competitive

PROVISIONS of £4.5m. made against stock and contract losses leave William Mallinson and Denny Mott with a considerably improved net asset value and a competitive basis for future trading, according to Mr. Richard Otley, chairman, in his annual statement.

He is not pessimistic about prospects "and quite a modest percentage recovery in the construction industry might cause us to surprise even ourselves."

During the year the company continued its policy of a proper balance between short- and medium-term borrowing by raising a further £6m. on medium term, making £8m. in all. Total borrowings, as forecast, were high, with consequently heavy interest charges during the year, but he believes, while there are no absolutes in such an analysis, "that our balance is now properly set, since I expect a considerable fall in our overall short term borrowing during 1975. Our interest payments will also be substantially lower."

He sees no fear of the company running short of funds for trading, nor for prudent investment and expansion.

As reported on May 28 pre-tax profit contracted from £8.09m. to £3.69m. in 1974. Dividends are up from 1.593146p to 1.726p net.

A Statement of source and application of funds shows an increase in liquid funds of £993,000 (£6.39m. decrease).

Meeting, 130 Hackney Road, E., on June 26 at noon.

NORVIC SECURITIES

Holders of £0.9m. of Norvic Securities' 8 per cent. Convertible Unsecured Loan Stock 1982 have exercised their right to convert their stock into 2,329,200 new Ordinary Shares of 10p each. Application will be made to the Council of The Stock Exchange for the new shares to be admitted to the Official List. The total number of Ordinary shares now in issue is 7,484,898.

BIDS AND DEALS

Hestair growth forecast

BUOYANT current year trading for Hestair, the specialist vehicle, agricultural engineering and toys and educational supplies and leisure group, with the prospect of "another successful year with further substantial growth," was forecast yesterday by Mr. David Hargreaves, the chairman.

Mr. Hargreaves also announced at the annual meeting an agreement for the sale of the Staines Group subsidiary—distributors of hotel and restaurant equipment—and the setting up of Hestair International as a move towards expanding overseas sales and earnings.

Following approaches, Hestair has reached agreement to sell its Staines subsidiary to Hirst and Mallinson for £500,000 cash—some £200,000 above book value. This, which is after retention of about £90,000 of dividends, will enable the group to concentrate on expanding a smaller number of activities and will improve the cash position.

Mr. Hargreaves told the meeting that the sale, together with the already announced £1m. rights issue, plus retained earnings, would improve the group's cash assets position by some £3.5m.

Profits this year had started well and were 40 per cent. ahead in the first four months, reported Mr. Hargreaves. Sales of Johnsons of Hendon — the photographic equipment and hi-fi distributors — were ahead and, despite the 25 per cent. VAT rate imposed in the Budget, May sales were 28 per cent. ahead of budget. At the recent London Radio Show £550,000 of orders had been obtained for Johnson's Aiwa equipment.

The vehicle companies—these include Dennis Motors and Eagle Engineering—in the 12 months to April, 1975, had received orders worth £16.4m., against £5.2m. in the year to April, 1974.

The Thomas Hope educational supplies subsidiary—the largest individual sales and profits earner —had achieved a 46 per cent. sales increase in the first four months of this year. Reorganisation at the SOS employment agency subsidiary had been "entirely successful" and it was now "well on the way to health again."

Against £3.9m. of exports last year, the figure this year was expected to be £7m.—with little depending on orders to come to achieve that figure. It had been decided to set up Hestair International with a four-fold objective: to seek better agents and distributors; to improve the performance of existing agents; to set up an overseas marketing and selling organisation; and to build up stocks and spares overseas with manufacture as an eventual aim.

Stag buys 39% of Yatton—bid pending

Stag Furniture, Nottingham-based specialists in bedroom furniture, has bought 39 per cent. of Yatton Furniture, of Bristol, for £488,463 and proposes to make a bid for the rest of the equity in due course.

Stag has acquired 7.9m shares from Leadenhall-Sterling Investments and 545,000 from British and Commonwealth Shipping at 5½p a share, at which price Yatton would be valued at about £1.2m. Stage shares closed 72p, down 1p yesterday.

Mr. P. V. Radford, chairman of Stag, said that Stag and Yatton's interests in the furniture market were essentially complementary, and both at the moment had substantial order books with Yatton looking for more labour.

Both groups say they are currently benefiting from the fact that there still seems to be a good deal of disposable income in the country, and from the fact that VAT on furniture has remained at 8 per cent.

Yatton had a turnover of £4.2m. in the year to March 31, 1974. Mr. V. J. Rosati, managing director, said yesterday the Board had not yet considered its attitude to a possible takeover, but that an offer of 5½p for the rest of the shares would value the company at well under its current net asset value of £1.864m. and that its property had not been revalued since 1969.

Stag had a turnover of £5.7m. in the year 1974, with pre-tax profits of £780,000.

Croda–MYH quotations suspended

Share quotations of both Croda International and Midland-Yorkshire Holdings were suspended yesterday.

This follows the request last Friday by MYH for an inquiry by the Takeover Panel into dealings in MYH shares in the closing hours of Croda's bid for the company, and was sought by the Takeover Panel pending an outcome of MYH's appeal. Suspension price of Croda was 69p, while MYH stood at 470p.

MYH's advisers, Hill Samuel, had discussions with the Takeover Panel executive on Monday and a further meeting is due to be held to-day. Croda is also expected to see the Panel to-day. It is clear that the Panel is hoping to resolve the situation some time this week to end uncertainty surrounding the close of Croda's bid.

Last Friday, Croda said it had control of 50.11 per cent. of MYH's equity.

CHARTERHOUSE EXPANDS IN U.S.

The American subsidiary of the Charterhouse Group, Charterhouse Group International Inc., has made its largest investment to date in acquiring, with associates, a leading American pharmaceutical packaging company, Paco Packaging.

Charterhouse International itself has acquired 49 per cent. of the equity of the company which has an annual turnover of some $10m. and a record of prosperous development.

Paco utilises the plastic blister type of packaging which is becoming increasingly used in the ethical drug field, particularly in the distribution of new drugs to the medical profession.

STC—BROCK TALKS OFF

Standard Telephone and Cables, the principal British subsidiary of International Telephone and Telegraph said last night that it had ended its discussions with the Brock Group about a possible takeover and intended to take no further action.

STC emerged last month as the company interested in Brocks, which is best known for its fire alarms and marine navigation equipment, after it had been revealed that Brocks was having talks with an unnamed company. Brock shares closed last night at 63p, up 2p.

PYE (IRELAND)

Pye (Ireland), the Dublin-based television concern in which Pye Holdings of Cambridge has a 25 per cent. interest, yesterday asked for its quotation to be suspended pending clarification of the company's position.

CORNWALL NEEDS TIN PRICE RISE

In his annual address to the Cornish Chamber of Mines, Mr. G. C. Pengilly says that the International Tin Agreement's current floor price for tin of $M900 per picul (£2,870 per tonne) is below the production cost for most of the mines in Cornwall and many of the world's high cost lode tin producers. Yesterday's Penang price was $M925 per picul.

Referring to the current efforts being made in Geneva at the International Tin Conference to find a formula to sustain a stable price for the material, including an enlargement of the funds available to increase the size of the buffer stock, he says that he can see no evidence of an improvement in the world economic position which must preface a recovery in the price of tin and other metals.

Unless the long term growth of the tin mining industry can be assured, adds Mr. Pengilly, it is unlikely that much further exploration work will be undertaken in the West Country which he regards as "particularly unfortunate" at a time when "the economy needs base metals as much as oil" and when the area's unemployment is on an upward path. Yesterday's settlement price for cash tin on the London Metal Exchange was £2,967 per tonne.

MINING NEWS

Charter still comes smiling through

BY KENNETH MARSTON

ALTHOUGH the cost of finally unburdening itself of the ill-fated investment in Mauritanian copper has been somewhat painful, Charter Consolidated has done remarkably well from an earnings point of view in the 12 months to March 31.

Net profits have moved up to £17.2m. from £15.89m., equal to earnings per share of 16.42p against 15.16p. A final dividend of 3.95966p lifts the total by the maximum permitted net amount to 6.20966p from 5.71371p for 1973-74.

Income from the group's diversified investments has risen by £4.45m. to £17.7m., outweighing the expected fall in share-dealing revenue and the reduced profits from the U.K. industrial interests. Prospecting expenditure has increased, largely as a result of the North Sea oil interest.

£11.4m. to Somima

As already announced, foreign shareholdings in Somima have been transferred to a Mauritanian state company. Under the deal, however, the transferring companies have had to meet certain of Somima's loans. This cost of "getting out" of the heavy loss-making copper operation has amounted to £11.4m. in the case of Charter and will be charged to reserves.

Of other extraordinary items, £3.23m. has had to be provided against the conversion of monetary assets and liabilities held in foreign currencies, but there is a credit of £5.94m. in respect of a net surplus from extraordinary items of associated companies. The net amount to be written off reserves is £8.3m.

The bulk of Charter's investment income is drawn from holdings in the other mining finance companies which should at least maintain their dividends in the current year and, on balance, it seems that Charter's own profits may not be greatly changed. The chairman, Mr. Sidney Spiro, may be able to give some guidance in his annual statement with the report which is due to be published on June 20. The shares were 178p yesterday.

SILVERMINES' OIL HOPES

After having fallen to 44p on disappointment with the 1974 results announced last month, the shares of Ireland's Silvermines subsequently advanced to a year's high of 81p and were 73p yesterday. The move has reflected hopes that the Aran-BP consortium, in which Silvermines has a 12½ per cent. interest, will be granted an exclusive licence for oil and gas exploration in Irish waters.

In his statement with the Silvermines annual report the chairman, Mr. G. E. Russell, points out that, if the licence is granted, the company will have to make substantial contributions to the high cost of exploration in order to maintain a significant interest in the venture. Meanwhile, sizeable funds on short-term deposit are being held in readiness.

The bulk of Silvermines' income is drawn from the 25 per cent. stake in the lead-zinc producing Mogul of Ireland. In the light of this year's weakness in lead prices, the current outlook is for lower earnings for Mogul and thus for Silvermines.

ROUND-UP

Discussions concerning the $A8m. (£4.6m.) that Metals Exploration needs for its share of the over-run costs of the big Greenvale lateritic nickel deposit in Queensland will continue until the end of this week according to a spokesman for the ANZ banking group.

Following Monday's passing by Impala Platinum of its third quarter dividend, Bishopsgate Platinum which holds a 21.56 per cent. stake therein is similarly omitting its declaration. Thus a single payment of 3.1 cents is all that has been made so far in respect of the year to July as against a total of 8 cents for the 10 months to July 1974.

The Ashanti gold mine in Ghana, which is owned as to 55 per cent. by that country's Government and 45 per cent. by Lonrho made a net profit of some £4.5m. last year compared with £6m. in 1973. The dividend, however, has been maintained at 10m. cedis, or about £3.7m. The reduced profit reflects a 15.6 per cent. fall in gold output resulting from the mining of lower grade ore.

The 9 per cent. fall to $Rh2.3m. in profits for the year to March 31 of Rhodesian Nickel Corporation is attributed by the company to the falling-off in demand for nickel and copper coupled with the adverse effects on revenue of the depreciation of the U.S. dollar and sterling against the Rhodesian dollar.

Tronoh's outlook

THE MALAYSIAN tin-producing Tronoh Mines does not expect to maintain the buoyant 1974 earnings in the current year. The chairman, Mr. J. G. Richardson, points to the fall in the price of tin, rising costs and a reduced, but still reasonable, level of production now that a slightly lower grade of round is being worked.

Mr. Richardson adds that consultations are taking place with the relevant authorities in both the U.K. and Malaysia regarding the transfer of control of the company's Malaysian operating assets to that country. His wording does not suggest that a change of the company's domicile is being discussed and, therefore, there appears to be no question of Tronoh shares qualifying for the investment dollar premium.

While Tronoh is now living through leaner times, it has a good longer-term potential. Apart from the existing operations the company has a 9 per cent. interest in a "potentially very large" new tin discovery in South Selangor which could be brought to production in five years.

Tronoh is also linked with the Perak State Development Corporation in a 70-30 partnership in a new mining property adjacent to the company's Ayer Kuning section. But a go-ahead here is being held up by Malaysia's view that the agreement does not provide for sufficient local interest. Tronoh were 91p cum-premium yesterday.

MINING BRIEFS

PAHANG CONSOLIDATED—May output of Lode Tin concentrates produced and sold 155 tonnes (April 163 tonnes).

RAND MINES—Collieries output for May: figures in metric tonnes: Witbank Colliery: Albion section 71,259. Douglas section 119,246. Union section 25,111. Van Dyks Drift section 76,202. Wolvekrans section 124,904. Umgala Colliery 61,2[illegible]. Welgedacht Exploration's Utrecht section 14,401. Zimbutu section 41,315. Group total 532,721 (April: 391,279).

FINANCIAL TIMES REPORT

Wednesday, June 4 1975

PIPES AND PIPELINES

Current euphoria may not endure

FOR THE international pipeline industry, these are unevenly balanced times. The "energy crisis" which so dramatically struck the unsuspecting consumer in 1973-1974 has undoubtedly intensified a massive search to find new sources of oil throughout the world, and this in turn has brought forward a sharp increase over the last two years in the demand for pipeline contractors, pipe, pumping equipment and all the facilities associated with bringing oil and gas, and even coal, over long distances.

And yet the aftermath of this *crisis has equally brought its* own problems in falling demand growth, rocketing escalation on capital projects and a political reaction to high oil company profits which has undoubtedly served to undermine the investment intentions of the pipeline industry's major customers, the *international oil groups.* Exploration investment has shown signs of faltering of late and, while this will not affect the pace of committed development *expenditure for some years,* it must still raise questions as to the size of the market and the *need for* equipment in a few years time.

The pressures brought about by the energy crisis may have been sufficient to allow the Alyeska pipeline in Alaska to *go ahead,* but they have not been sufficient really to accelerate the opening up of offshore acreage around the U.S. in the face of continued environmental objections, power struggles between the Federal and state authorities and indecision as to how to achieve Project Independence while making sure no group gets too much benefit out of it. The fall in demand of the last year or so has been sufficient to remove some of the most troublesome aspects of previous shortages and high inflation rates, but it has equally raised the question of whether there is *now likely* to be a surplus of new generation lay barges and other equipment encouraged by the sellers' market of 1973-74.

Not that the pipeline industry is suffering from a shortage of orders at the moment. Almost all sectors of the business, except perhaps those supplying pipes and valves for new oil refinery and petrochemical plant now no longer needed in the major market, have backlogs of orders covering several *years.* Despite the fall in demand for Middle East crude, the expansion schemes of such countries as Iran, Saudi Arabia and *Abu Dhabi are still going* on unaffected and providing the industry, as the process plant industry, with one of its most lucrative markets. The emergence of gas as a major fuel in Europe and the problems of declining gas production in the U.S. are encouraging major schemes to develop gas reserves in Algeria, Asia and the North Sea as well as the Arctic, just as the industrial ambitions of Middle East States are encouraging governments there to embark on schemes to tie in gas production to industrial use.

Just as important, the increasing *swing of exploration activity* towards offshore exploration and development throughout the world and the impetus to develop indigenous resources at a time of high energy costs and over-dependence on Middle East imports is creating a fast-growing offshore pipeline industry requiring special skills, equipment and high-quality steel and materials. Not only is this trend providing a considerable overall demand for pipeline *contractors and equipment* manufacturers but it is also presenting the industry with some major new possibilities involving new frontiers of technology.

Nowhere are the opportunities, and some of the problems, more obvious than in the North Sea. The last five years has seen the North Sea emerge as the most productive and most exciting new oil province anywhere outside the Middle East, conveniently placed close to the major European markets and most inconveniently placed as far as the water depths, distance from shore and horrendous weather conditions are *concerned.* The development of the major reserves in the area has proved for the pipeline industry as for the general contracting and process plant industries, a constant *learning* process. The traditional methods of pipelaying on the seabed with the use of a lay-barge pulling itself along its anchors and followed by a jet barge to bury the line have proved particularly vulnerable to the weather and wave con*ditions which have made con*tinuous pipelaying over an extended period, even during summer, extremely difficult. And, as the search has moved into deeper waters off the Shetlands, the pipeline industry has attempted to keep pace both by improving the performance of existing equipment and going in for new generation barges and techniques.

Over the next few years, the North Sea is likely to remain the most exciting market for the pipeline industry, both in terms of the growth in demand for its services, the demands that it will place on its tech*nology and in the size of the* expenditure that will be made by the oil companies there.

Projects

Following the completion of the Forties Field and Piper oil lines in the U.K. sector of the North Sea and the Ekofisk oil and gas lines in the Norwegian sector, work has now started on the major Frigg gas lines to *the Scottish coast and the Brent* oil line to the Shetlands. Plans are now developed for the laying of the Ninian oil line to the Shetlands starting this year and the Brent gas line to Scotland next year. There are several new projects mooted for the development of Norwegian gas reserves *in the north,* possibly to Europe, and for tying in new finds to existing lines.

The main question now is not so much the amount of work over the next few years but the extent of inflation in costs and the effect that this might have on changing the economies of pipeline transportation as against offshore loading for smaller fields and the even more awkward question of whether there will be enough demand for major projects to justify further investment in new barges beyond the five already under construction around the world.

These are not new questions for a pipeline industry which has always had to work with the cyclical movements of oil company demand and investment and the uncertainties of future investment patterns. Nor can there be much doubt about *the longer-term prospects* considering the continuing problem of oil and gas supply which is bound to dominate the energy industry for at least a decade to come. But after the boom years of 1973 and 1974, companies in this field as in others are having to rethink their figures of demand and look hard at the period later in the decade at a time when financial stringency is making accuracy of forecast much more important but when sluggish demand and the broader economic problems of the world are serving to make it much more difficult.

Adrian Hamilton

Plastics fight for their share

THE PIPE market represents an important outlet for the plastics industry, accounting for a turnover of some £120m. last year. So it is hardly surprising that plastics manufacturers and processors should feel the backlash of the recession in the construction industry.

Demand for plastic pipes is influenced by a number of interrelated factors: the industry's ability to expand established applications; its effectiveness in competition with products made from other more traditional materials; and the development of new uses.

The major growth areas have been in the non-pressurised pipe area—rainwater and drainage pipes, for instance; soil pipes and GPO conduit. As a result, the demand for plastic pipes has been particularly hit by depressed state of the building and construction industries.

Total building activity fell by about 10 per cent. last year while private building plunged by around 50 per cent. Consequently, the plastics pipes turnover for 1974—estimated at £120m.—fell sharply from the *£135m. of 1973, even with the* big increases in plastics prices which followed in the wake of Middle East oil price reviews.

The 26 per cent. increase in turnover in *1973* as against 1972 (£107m.) gives a better indication of the potential for growth in the sizeable plastics pipes industry, however.

The British Plastics Federation has been vociferous in its plea for greater Government direction in the U.K. construction industry at large. It points out that some 50 per cent. of the industry is accounted for by the public sector, comprising the Department of the Environment, the *nationalised* industries and local authorities.

If more were done to encourage public spending, particularly in times of economic depression, U.K.-based industries would be encouraged in their innovative efforts, it is claimed. It is the sort of plea that the process plant industry is making at the current time: urging State industries to invest in times of slack demand to help industries with particular skills and highly trained labour forces to overcome the troughs of cyclical trading.

Functioning

Of the £120m. turnover last year, it is estimated that 90 per cent. was on thermoplastics piping and fittings with the remaining 10 per cent. going on reinforced plastics. It is, perhaps, *fitting that what is claimed to be* the U.K.'s longest reinforced plastics pipeline is now functioning at the heavy organic chemicals division of ICI, one of Britain's biggest producers of plastics materials. The 8-inch diameter pipelines, over three miles in length, was designed and manufactured by Plastics Design and Engineering, in conjunction with ICI. An internal lining of ⅛-inch thick rigid unplasticised PVC is bonded to an *outer of glass fibre reinforced* synthetic resins, supplied in this case by Synthetic Resins.

The use of composite materials and plastics-coated *pipework* is a feature of how the whole pipe industry is becoming more technologically advanced. Large sections of pipe, for instance, can be coated in a thick PVC plastisol material to give corrosion protection from the elements outside and the solution being carried inside.

Plastics Coatings, one of the companies doing this type of work, said that in this way mild steel can be given corrosion protection in a cost-effective manner compared with the alternatives—rubber linings or the use of special steels.

Nevertheless, further advances could be made if only the plastics industry in general had sufficient cash-flow to carry out the necessary research. Unfortunately research and development tend to be among the first for cuts when a company is faced with depressed trading conditions. And yet, the industry would claim, the advantages of plastics pipes are growing in these days of accelerating cost-*inflation,* wage rise and *growing* resistance from ratepapers. Manufacturers point to the ease of installation and maintenance of plastic pipes.

As a relatively new industry, plastics processors are dependent for much of their business growth on capturing markets *from other materials, either on* technological grounds or through price competitiveness —or, more commonly, both. So it was with some concern that the industry watched the effects of the five-fold price increases *for crude oil on derivative* plastics products. Indeed, the index of wholesale prices for plastics raw materials rose by 57 per cent. between October, 1973 and October last year.

Studies carried out by major companies in the plastics industry showed, however, that overall the price competitiveness of plastics had not suffered unduly as all competing materials had risen in price as well.

The disaster last summer at the Flixborough chemical works near Scunthorpe and the newfound links between the production of PVC and a rare form of liver cancer are two of the factors that have heightened public and political awareness in safety *and the environment generally.*

Recognising this, the plastics industry is now taking a much more positive approach to develop safe-in-use guidelines for its products and, with this, to give more information and advice. This is shown in the pipes sector by the establishment of a water usage working party set up under the BPF's biological safety committee.

At the same time new emphasis is to be placed on marketing plastics within the wider pipes industry. Supporting the work of individual companies, the Federation's pipe group has *established* an *international* pipes symposium, commissioned a film to promote user training, produced a series of buyers' guides and has worked with the Rubber and Plastics Processing Industry Training Board (RPPITB) on a survey of training needs.

This programme of concerted action underlines the plastics industry's view of the importance of the pipes market and, in particular, its *determination* to capture a growing share of it.

Ray Dafter

Hard times for concrete

THERE HAVE been few periods which have brought more problems and greater frustrations to the concrete pipe manufacturers than the present.

Circumstances totally beyond their control have presented manufacturers with quite one of the worst trading periods on record and for the moment there are few indications that the position is about to take any significant turn for the better.

The fact is that the two markets which have grown to accommodate a major proportion of concrete pipe sales in recent years have both become the victims of the country's present economic difficulties and demand has been gravely reduced.

Large cuts imposed by the government on local authority water and sewerage programmes have had a direct and substantial effect on demand, with some manufacturers forced to close down capacity. Cutbacks on spending by local councils have centred on sewage and waste disposal projects, to the extent that some of the major suppliers were, towards the end of 1974, reporting a 50 per cent. reduction in sales.

The housing market has, in short, been something of a disaster area for the last year or more and but for the comparatively brighter picture in the local authority homes sector, the overall situation would have been worse still. The private sector, certainly, is still stumbling through one of its worst periods of activity since the last war.

Such has been the concern about the effects of the housing slump and general construction recession on the concrete pipe industry that the Concrete Pipe Association has been encouraged to pursue a vigorous campaign to push for the release of selected sewerage schemes, in the belief that if this is not done, then its very survival is threatened.

The Association has said the industry is, in fact, in imminent danger of being wiped out, "killed by an unforeseen distortion of national policy." While the pipe makers understand the pressing need for reduction in public expenditure, they point out that successive cuts in recent years have meant, for the manufacturers involved in supply, an overall fall in production of about 60 per cent. from optimum capacity has been made necessary. As the Association puts it "No industry can survive that long: Men and machines are standing idle, waiting for work. Soon the men will leave, their experience lost to the industry for ever and the factories will close.

It asks: "What then happens when national policy reverts from stop to start again, to progress and development? What happens while the concrete pipe makers regroup their resources, retrain a labour force, pick up the pieces?"

Concrete pipes and fittings are used almost entirely for sewerage and drainage pipelines, the majority of main sewers now built with pipes manufactured by Association members. Local authorities are the principal users and in 1972-1973 they anticipated the formation of the present regional water authorities, together with the probable administrative difficulties that could follow, by bringing forward for approval a substantial number of sewerage schemes.

Sewerage

As a result, a considerable volume of work built up in 1973, which, says the Association, should have been the start of the "big demand" for improved sewerage already forecast and clearly necessary from physical and environmental points of view.

Figures from the government show that capital expenditure by the regional water authorities is planned to rise from £370m. in the current financial year to £414m. by 1978-1979, albeit it with a substantial dip proposed for next year.

But the Association points out the evidence is clear that, at present, the tonnages of concrete pipes now being delivered are not in step with the anticipated demand, even allowing for a time lag between inquiries and despatches. Furthermore, with the usual time lag of nine months, the present level of inquiries indicates that there can be no increase in the amount of work now being done during the current year.

Inquiries by the Association at the Department of the Environment have produced assurances that spending by the water authorities is generally in line with their permitted ceilings and there is, therefore, an apparent conflict between the demand for concrete pipes and the alleged expenditure by the authorities. With manufacturing plant standing idle *across the country*—last week Wettern Brothers announced the closure of two plants—the Association has written to the Department proposing an early meeting to investigate why, when public money is being spent in line with government estimates, there is not a corresponding demand for concrete sewerage and drainage pipes.

Not all the pipe manufacturers' orders come, of course, from water authorities and motorway construction work also offers a major market. But here again, public expenditure cuts have substantially reduced the volume of potential work, although activity does appear to have held up better than on the sewerage side. It is this combination of low activity levels in two major markets which has presented most manufacturers with big problems. Redland, for example, had to report that mid-way through its last financial year, the pipes division had dipped marginally into the red against a previous profit of around £500,000.

A spokesman for ARC (Concrete), another major name in the business, said that most companies were now using up the "residue fat" left over in the pipe makers' pipeline, but the volume of new business coming in was poor. There was no evidence of any significant upturn in demand in the short-term.

Workforce

It has been estimated that the industry's workforce has already been cut by over 25 per cent. since the downturn began to bite, with the eight to ten major companies that account for around three quarters of all output taking the major knocks. Latest figures show that total deliveries in the first quarter of 1975 represent an annual rate of only 628,000 tonnes, a fall of over 16 per cent. from the 1974 total of 751,000 tonnes. In 1973, deliveries reached 1.1bn. tonnes.

The danger, as always, is that a significant proportion of the industry's capacity will be permanently lost because of the current plight of the manufacturers, and some severe problems could be in store for them when the next upturn in demand does eventually come. For the moment, however, there seems little chance of that.

Michael Cassell

Mixed outlook for steel

THE BRITISH Steel Corporation's Coard will shortly take a decision on an important investment project affecting its output of pipes an ancillary products associated with North Sea oil and gas activity. It has to make up its mind whether to go ahead with an expansion programme at Hartlepool which would enable it to enter the offshore pipeline market—a long-awaited development.

Although this significant move has still to be confirmed, however, the Corporation has carried out several significant developments over the past 12 months.

First, it has started a £15m. project to develop a new 20-inch pipe mill at Hartlepool, which will provide 150-200 new jobs and, second, a further expansion of its manufacturing capability for casings used in oil and gas wells is now well under way at Clydesdale in Scotland.

As far as Hartlepool is concerned, no less an authority on BSC expansion than Lord Beswick, the Minister for Industry, appears to have assumed that the scheme designed to allow the Corporation to enter the offshore market will go ahead.

When he produced his interim report on the Government's review of the steelworks closures associated with the Corporation's wide £4.5bn. development strategy, Lord Beswick announced that the BSC proposed to invest some £25m. in developing the two existing pipe mills at Hartlepool so as to produce a greater range of pipes and also higher specifications to meet North Sea oil requirements. This investment should provide some 200-250 new job opportunities, Lord Beswick said.

Although Lord Beswick may have jumped the gun, he is likely to be proved right. It now appears that the BSC, heavily criticised in the past for not getting directly involved in the offshore pipeline business created by the North Sea oil and gas discoveries, is about to enter the business.

One of the problems for the Corporation was that when this offshore market began to open up, oll that the BSC had in the way of inherited pipeline capacity was its Hartlepool mills, capable of producing pipe in diameters from 24 inches to 44 inches in a thickness of up to ¾ inch.

But the oil companies required pipelines as much as 0.8 inch, 0.9 inch or even one inch thick, because of the particular pressures of the North Sea.

The BSC obviously considered laying down new plant for the potentially important offshore market, but there was no real commercial incentive to do so. There was a world-wide surplus of large diameter pipeline capacity then, and the oil companies were in a position to drive very hard bargains on the prices they were prepared to pay.

Now, however, the position appears to have changed and there is a real probability that the BSC will go ahead with the Hartlepools expansion.

As far as Clydesdale is concerned, the argument for capital expenditure to increase casings production there was accepted a year ago. The replacement of old open-hearth furnaces by electric arc plant at the works is now well under way and new quench and temper plant is also being installed.

Casings

The BSC currently meets some 85-90 per cent. of the demand for casing pipe in the U.K. North Sea market and will supply some 105,000 tonnes of these products this year. The new plant will increase its Clydesdale capacity to 160,000 tonnes, however.

The situation which has arisen over the last year with regard to casings is similar to that which occurred over offshore line pipe. Initially, the combination of surplus capacity and strong buyers discouraged new investment but now, with world-wide shortages, there is an incentive to spend.

The demand created by the North Sea, together with continued strength in the processing market, is very much a bright spot as far as the BSC's Tubes Division is concerned. There is still a strong demand for all large seamless products connected with the North Sea exploration and transmission, refinery production and petrochemicals. At the moment there is a world-wide shortage of large seamless pipe capacity.

The market for 44 inches diameter pipe used in the distribution of natural gas onshare for the British Gas Corporation is also healthy. But this is not the case in some of the BSC Tubes Division's other markets.

Current prospects in what is usually known as the commodity market for pipe are generally not encouraging, and it is easy to see why. There has been a downturn in demand throughout Europe, although there are some grounds for expecting a marginal improvement later this year.

First, of course, the recession in the construction industry has hit demand for scaffolding pipe, although with BSC catching up on a demand backlog its impact on production has not been too severe so far.

There has also been a very sharp reduction in orders for concrete, grey spun iron and ductile pipes, although this has been compensated for to some extent by an increased selling effort abroad.

In the commodity field, a large part of the BSC's order book is dependent on public expenditure on water and sewage projects, and there have been substantial cutbacks in this area. Although plans which have been deferred will have to be reinstated some day, it appears that this part of the Corporation's business will remain extremely reliant on a high level of overseas business for at least the next five years.

As far as the BSC is concerned, therefore, the outlook for its pipes and pipelines activity is very mixed. Nevertheless, compared with some other areas of its market there is some room for optimism.

Harold Bolter

FARMING AND RAW MATERIALS

Sharp fall in zinc market

By John Edwards, Commodities Editor

ZINC PRICES fell to the lowest level since July 1973 on the London Metal Exchange yesterday. Cash zinc lost £18.25 to £295 a tonne, while the three months quotation fell by £15.5 to £280. The sharp fall in LME zinc values means that increasing pressure will be put on the official European producer price of £360 a tonne, at which the bulk of zinc is sold.

The producers have been supporting LME prices for some time now in an effort to stop too big a discount on the £360 quotation developing. But the market has come under strong selling pressure since the collapse in the price of its sister metal, lead.

Although the producers have concentrated on buying up surplus supplies at the cash price, the market has been gradually forced lower and lower, and yesterday the support buying was swamped by sales, particularly from speculators.

It is felt that as happened with lead, the zinc producers will find the burden of supporting the market *increasingly* onerous in view of the absence of demand and will eventually lower their sights.

The producers, however, claim *that this is not the case*, and to lower the price does not sell any more zinc but simply devalues their stocks.

Supply problems spark coffee price upsurge

BY RICHARD MOONEY

A NEW upsurge in coffee prices on the London terminal market yesterday lifted the September position by £12.25 to £443.75 a tonne—the highest level for over three months and £55 above the low reached at the end of April.

The market had opened on a weak note before speculative and chartist buying prompted a sharp upturn. Prices drifted downwards during the afternoon but firmed again near the close to end at the day's highs.

One factor quoted as contributing to the rise was the fear that the strike in the Angolan port of Luanda might aggravate the tight nearby supply position for robusta coffee. Though the market has become used to labour troubles affecting supplies from that source, this latest strike underlines the general supply *difficulties* which have contributed to the paradox of rising futures prices at a time when producers are holding large stocks.

Apart from the interruption to Angolan supplies the market has been vexed by rail freight problems in Uganda which have prevented coffee being shipped from the interior. On top of this no *offers have been coming from* the Ivory Coast and Cameroun.

These supply difficulties come against a background of depleted European stocks. The steady decline of prices on the London robusta market throughout most of last year and the first two months of this year was largely due to excessive stocks in Europe which had been attracted by high prices early in 1974. This situation allowed consumers to get by with only minimal imports while *stocks lasted. But this source of* supply has now virtually run out. Stocks on the Continent and in London are now at a very low level and consumers are having *to look to Africa for the bulk of* their supplies once more.

General market sentiment does not rule out the possibility of a further significant rise in prices, but some dealers point out that in the longer term the weather in Brazil in the first half of July could prove crucial.

This is the Brazilian frost period and though the current coffee crop is now safe from frost damage the 1976/77 crop, which is now budding, could be affected by as much as 5m. bags, or about 6 per cent. of total world output. *This year's Brazilian crop should* be around 20m. bags (1.2m. tonnes) but in the absence of any weather damage the 1976/1977 crop could be in excess of 25m. bags, so a frost-free July in Brazil could mean a new down turn in the coffee market.

The recent stronger tone of *Brazilian and "other milds"* coffees has played a major part in boosting robusta values. The weakness of these markets had put them at a discount to the robusta types over which they normally command a premium and this was thought to be an inhibiting factor for the robusta market. However, recent market adjustments have restored a more normal situation.

● The Cafes Suaves Centrales group of Central and South *American coffee* producers began its first congress in San Salvador yesterday, reports Reuter.

Opening the congress, Salvador Economy Minister, Guillermo Hidalgo, said the group's most acute weakness is its lack of unity which has prevented positive results in its bid to steady mild coffee prices.

Tin export cuts may be intensified

By David Egli

GENEVA, June 3.

THE International Tin Council opened its regular quarterly session here amid general expectations that export controls may be fixed for the third quarter at a higher level than the current 18 per cent. cutback. The *possibility of exports* being reduced by as much as 25 per cent. from July 1 is not being ruled out.

The current market price is barely above the present "floor" price under the present agreement and the market remains very slack. Although the 18 per cent. export cutback imposed in April may begin to be felt later this month, it is unlikely to have a significant impact on prices particularly if the announced export controls for the next period are merely a continuation of the same medicine.

In April the Tin Council called up an additional £13.5m. contributions for buffer stock purchases, thus reaching the limit that can be called under the Agreement. Although bank credit facilities can be used as well, it is quite clear that export controls will nevertheless have to play the key role in shoring up the market.

Monsoon boost for crops in South India

NEW DELHI, June 3.

THE SOUTH-WEST monsoon set in across South India to-day, *according to weather officials*, reports Reuter. This raises hopes for a good winter harvest in farming circles and a quick industrial revival.

Rains have been reported in the last two days in the Southern States of Kerala, Karnataka and Tamil Nadu, following three successive years of drought, but weather officials said it is still too early to forecast the strength of the monsoon.

The timely arrival of the monsoon could also mean more hydro-electric power in these States, all of which have imposed power cuts on industries ranging from 40 per cent. in Karnataka to 100 per cent. in some areas of Tamil Nadu, industry sources said. Rains have also been reported in several parts of North India.

PHILIPPINE COPRA EXPORTS INCREASE

MANILA, June 3.

PHILIPPINES COPRA exports in May rose to 63,201 long tons from 32,264 tons in April and 3,000 tons in May, 1974, the Philippine Coconut Authority said.

SPANISH MELONS

U.K. market loses its sweetness

BY A CORRESPONDENT

A FURTHER decline in Spain's production and export of melons *is predicted for the season about* to begin—thanks largely, it is asserted here, to the unprofitability of the industry's largest market, Britain.

Only three years ago, Spanish producers were marvelling that British consumption of Spanish melons, and particularly the yellow honeydew type that accounts for most of the country's output, had more than trebled in the past decade. There was some dismay at that time *that returns had not risen* accordingly, the chief reason being that half the season's shipments were squeezed into the peak production months of August and September when prices were lowest. Hopes were held, however, that this problem could be beaten by spreading the season—traditionally June to March—to fill the whole year, lopping off some of the peak and regulating exports to fit the new production pattern.

Not realised

Eighteen months ago some qualified satisfaction was expressed *when* , August-September U.K. prices rose 30 per cent. above the previous year's to around £1.00 a 10 kg. box, but this was not because of *any of the reforms that had been* envisaged. Realists gave the entire credit for the upturn to a long hot summer that ruined much of the crop. Remarked one, bitterly: "Adversity seems the only measn by which satisfactory prices for Spanish exports can be obtained"

Of natural adversity, however, there has not been enough. The steep climb that production underwent throughout the 1960s flattened out two years ago and *has since gone into a dive.* Last season's exports of 47,000 tons were 18 per cent. down on those of the season before, and a further drop is expected in the *coming season.*

Hopes of shaking off the encumbrance of those two top-heavy months have not been realised. On the contrary, instead of declining over the past three years, the proportion of the season's exports sent in August-September actually climbed from 50 to 60 per cent. In the final three months of the season when prices were highest, only 5.7 per cent. of exports were shipped.

Stimulate

Melon production dropped last year simply because producers, discouraged by previous absence of profits, planted less. They were even more discouraged to see that an 18 per cent. drop in sales did not lift values, despite the fact the bigger the proportion of U.K. melon imports are from Spain. Few producers will have planned their crops for the season to come in defiance of that lesson.

The failure of such a drop in supply to stimulate demand has strengthened the attention being given to how a major re-shaping of export patterns might be achieved—for "major" would seem the operative word if re-distribution is to succeed. One reform would be to reduce the dominance of honeydew plantings, which accounted for 74 per cent. of last season's exports, in favour of Ogen, *Cantaloup and other types that* bring higher prices but whose tonnages are at the moment insignificant. While this is happening, however, and *perhaps even after it has* happened, the need for regulating exports will remain, and this will demand storage.

Not nearly enough use is made of storage within the limits of present knowledge. Last season a slightly higher — small though it still was—percentage of fruit was sold in the profitable final *three months, thanks* to climatic conditions that prolonged natural storage life. In general, however, the tendency in recent years has been for melons, especially of the *Tendral* variety, to keep less well because of new cultural practices with fertilisers and irrigation. This will require more research.

The cost of packing is another major burden, and one that eats deeply into the amount the exporter can pay the grower. A 10 kg. box last *season cost* about 53 pesetas (40p), an increase of 15-20 per cent. in 12 months. For the coming season a much greater increase of 40-45 per cent. is expected. More research is wanted here, too.

Research cannot do much, however, against the factor most responsible for keeping prices *down even against shorter supplies*—Europe's economic recession. And nowhere has this had more impact than in Britain, which took 66 per cent. of *Spain's melon exports over the* past five years, in the U.K. is now falling.

Low prices

In Germany, last season prices for the honeydew melon ranged from the equivalent of 10p to 24p a kilo and those for Tendral 15p to 21p. In France, honeydews brought 9½p to 14p, Tendral 10p to 18½p and Cantaloup and Ogen 38½p to 62p. Britain, by contrast, paid 10p to 14p for honeydews, 10p to 15½p for Tendrals and 18½p to 30p for Cantaloup and Ogen.

So the Common Market has not so far forced British housewives to pay more for this particular foodstuff. But now that low British prices are leading to smaller Spanish plantings and with Spain training maximum marketing attention on Germany and Holland, it may yet do so.

Big rise in U.S. citrus exports to Britain

By Our Commodities Staff

THE U.S. will be sending double *the quantity of Sun Kist citrus* fruit to the U.K. market this year it was announced yesterday.

The oranges, lemons and grapefruit grown by 8,000 producers *in California and Arizona* will total 1.2m. cartons — twice last year's exports and five times the 1973 total the U.K. agents said. A good crop and increased demand from U.K. retailers had enabled the rapid build-up in the imports said Mr. Max M. Levin.

Retail prices would range from 4p to 6p each for oranges, he forecast. Despite the big increase in the amount of fruit being imported prices were unlikely to fall this season because of the *all-round increase in costs.*

TRINIDAD SUGAR EXPORTS TO EEC

PORT OF SPAIN, June 3.

Trinidad and Tobago last week-end shipped some 13,251 tons of sugar to the EEC, its biggest producer, Caroni, reported.

Meat trade margins probed

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

THE U.K. fresh meat trade is in the first stages of a transformation *that will probably change its* character completely in the next 10 years, according to an investigation* by the University of Exeter agricultural economic unit published this week.

Domestic production is providing a larger proportion of total supplies and slaughtering is becoming more dominated by a relatively few large companies either supplying their own stores or individual retail outlets direct. Thus the fresh meat markets are *being increasingly by-passed with* Smithfield, for example, handling only some 7.5 per cent. of total U.K. meat supplies in 1973 against 11.8 per cent. in 1967.

At the same time the report claims that the private independent retail butcher is very slowly giving way to the multiple and supermarket organisations, because of the high rents and rates on new shopping precincts squeezing out the smaller, more specialised shops.

The meat trade, according to the report, is a fiercely competitive industry in which farm, *wholesale and retail prices* follow each other fairly closely. The competition is particularly keen on the farm price wholesale level where quotations vary from day to day.

There seems to be rather less flexibility on the retail side as independent butchers tend to average their prices over the fairly short term. Few of these take a fixed percentage of profits over the cost of meat. Supermarkets and multiples on the other hand, lay down fixed margins and prices from head office.

On the vexed question of margins the report exonerates the *trade from undue profiteering,* although it does say that at times when farm prices drop significantly, butchers are apt to take a bigger profit. But they will often work on very tight margins indeed when farm prices are high. In retailing it would appear that supermarkets have a higher net retail margin of 6p a lb. for beef as against the *independent* shops and multiples margins of 4.5p.

The slaughtering wholesale trade works on even lower margins of between a 1p and 4p a lb., and is highly dependent on good prices for offals.

From the farmer's point of view this report is reassuring. Profiteering does not seem to be as *rife as critics have been* in the habit of declaring. My experience over many years has been that the mix between auctions and deadweight selling, *plus the many wholesalers and* retail butchers competing for supplies, make the market reflect supply and demand.

With a perishable article like meat it is essential that it should be competitive. The danger both to farmer and consumer would come if these highly competitive *elements gave way to monolithic* or monopolistic organisations.

* *Distributive Margins for Meat in Great Britain, University of Exeter*, 75p.

Warning to fishermen on dock fees

BY JAMES McDONALD, SHIPPING CORRESPONDENT

A WARNING was given yesterday to the British fishing industry that it cannot expect to be subsidised by other port users.

Sir Humphrey Browne, chairman of the British Transport Docks Board—which operates 19 ports—said in Fleetwood, Lancs., that the crisis currently being faced by the fishing industry could not be solved by providing dock services for the trawler fleets at less than their true cost.

"The fish industry as a whole cannot expect us to regard it as some sort of privilege to serve them at a loss," declared Sir Humphrey, who last week announced a record £12.1m. surplus for the Board in 1974. "Unless they pay their whack, other port users are obliged to subsidise them and this is just not on."

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Turned upwards on the London Metal Exchange but closed below the day's highest. After trading at £548 in pre-market dealings, forward metal *recovered steadily to £552.5* helped mainly by short-covering and modest speculative interest. Physical demand remained [illegible]

Amalgamated Metal Group reported that in the morning cash wirebars traded at £532, 31.5, late June, £531. Three months, £551.5, 50.5, 51, 51.5, 52. Cathodes, cash, £521. Three months, £541.5, 41. Kerbs: Wirebars, three months, £551.5, 52, 51.5. Cathodes, untraded. Afternoon: *Wirebars, cash, untraded. Three months,* £552, 52.5, 52, 51.5, 51. Cathodes, untraded. [illegible]

[illegible] again thought to have been on behalf of the buffer stock, narrowed the contango to around £20. The tightening supply situation prompted hedge covering against earlier physical demand and prices ended at around the day's best with cash at £2,965 and forward at £3,000. Turnover 1,330 *tonnes*.

Morning: Standard, cash, £2,968, 65, [illegible]

[illegible] although cargoes were booked from the U.S. Gulf to the Netherlands at $4.65 for June and from the U.S. Gulf to Syria at $17.50 free discharge for June. A cargo of grain, 12,000 long tons, was also booked U.S. Gulf-Durban at $242,500 f.i.o. June. Other grain chartering included *River Plate East Coast Mexico* at $13.50 f.i.o. July. In the coal section [illegible]

East Coast. EEC Milling French Feed *June* £51.00, *July £51.50 South Coast*. Maize—No. 3 Yellow American/French June £52.50, July £53.50 transhipment East Coast. South Africa White Dent Aug. £59.00 Glasgow. South Africa Yellow Flint Aug. £55.50 Glasgow. Barley—EEC Feed June £50.25, July £51.25 transhipment East Coast. Rest unquoted. [illegible]

Ewes: 10.0 to 11.5.

Pork: English, under 100 lbs. 28.0 to 35.0, 100-120 lbs. 29.0 to 33.0, 120-160 lbs. 29.0 to 32.0, 160-180 lbs. 27.0 to 30.0, 180 lbs. and over 24.5 to 27.0.

COVENT GARDEN (Prices in sterling) — Imported produce: Oranges — Jaffa: Valencia Lates 2.80-3.50; Californian: 3.30-3.60; Cypriot: 2.70-3.50; South African 2.80-3.50. [illegible]

532	+2	—	......
Cathodes			
Cash	520.5-1	+1.25	520.5-2	+2.75
3 months	541-.5	+1.75	540.5-1	+2.25
Settlem'nt	521	+1	—	......
U.S. Smt.	—	......	*63.70	......

TIN				
Standard				
Cash	2965-7	+2	2970-80	+8
3 months	2990-2	-10.5	2990-5	-3
S'ment	2967	+2	—	......
Straits E.	$2925	+17½	—	......
New York	—	......	—	......

SILVER

COCOA

FREIGHTS

COFFEE

RUBBER

SOYABEAN MEAL

GRAINS

SUGAR

JUTE

WOOL FUTURES

MEAT/VEGETABLES

PRICE CHANGES

Prices per ton unless otherwise stated.

[illegible]

COMPANY NOTICES

COMPAGNIE FINANCIERE DE PARIS ET DES PAYS-BAS

NOTICE TO SHAREHOLDERS

Following a resolution passed at the *Ordinary General Meeting* held on 2nd June, 1975, a dividend of Frs. 11.00 per share of Frs. 100 nominal for the year ended 31st December, 1974 will be paid as from 9th June, 1975 as follows:—

BEARER SHARE CERTIFICATES

Against presentation of Coupon No. 165, residents of the United Kingdom will receive Frs. 8.67 per Certificate of Frs. 100 nominal. (See settlement of additional payments below.)

Coupons will be paid at the rate of exchange on the day of presentation.

BEARER DEPOSIT CERTIFICATES

Against presentation of these Certificates for marking of Square No. 2 residents of the United Kingdom will receive Frs. 0.4335 per Certificate of Frs. 5 nominal. (See settlement of additional payments below.)

Certificates will be paid at the rate of exchange on the day of receipt of the dividend on the corresponding underlying shares deposited in France.

SETTLEMENT OF ADDITIONAL PAYMENTS

Under the terms of the Double Tax Convention between France and the United Kingdom, residents of the United Kingdom will receive, subject to completion of Form RF-4GB, on or after 15th January, 1976 an additional Frs. 5.3550 per Bearer Share or Frs. *0.26775 per Bearer Deposit Certificate, thus* increasing their dividend entitlements to Frs. 14.025 per Share or Frs. 0.70125 per Bearer Deposit Certificate.

Holders are advised to submit Form RF-4GB at the time of *presentation of Coupons and/or Bearer Deposit Certificates.* The Form may, however, be submitted at any time up to 31st December, 1976.

Payments in respect of Coupons and Bearer Deposit Certificates will be subject to deduction of United Kingdom Income Tax at the standard rate of 35% unless claims are accompanied by an affidavit.

Coupons and Bearer Deposit Certificates should be lodged with:—

S. G. WARBURG & CO. LTD.,
Coupon Department,
St. Albans House,
Goldsmith Street,
London, EC2P 2DL,

from whom appropriate claim forms and further information can be obtained.

Compagnie Financiere de Paris et des Pays-Bas.

4th June, 1975.

Sugar	£153	-5	£180
Wooltops 64s ... kilo	195p	......	188p
Cloves [Madagascar]	£2,560	......	£2,350
Pepper White ... ton	£520	......	£840
Black ... ton	£615	......	£675

* Nominal. † Seller. § Unofficial close. ¶ Indicative price. *b* U.K. and Commonwealth refined. *c* Uganda Robusta standard grade indicative prices f.o.b. Mombasa U.S. cents a pound. *d* Bangladesh white "C." ‡ Unquoted. *q* Seller's quotation. *h* August. *k* June. *u* Metric tons. *r* July. *v* June-July. *s* July-Aug. *t* Sept. *q* Aug.-Sept. *w* Nov.-Jan.

... the respective shipment period. Yarn and cloth very quiet.

★

COPRA—Philippines: June to Sept. $225 resellers per tonne c.i.f. North European ports.

★

GRIMSBY FISH—Supply good, demand good. Prices per stone at ship's side, unprocessed. Shelf cod £2.00-£2.50; codlings £1.70-£2.00; large shelf haddocks £2.80-£2.90, small £1.80-£2.00; large plaice £3.20, medium £2.10; skinned dogfish £5.00, medium £4.80; coalfish 80p-£1.00; reds 80p-£1.10.

★

HIDES—Birmingham. Generally weaker with *moderate clearance except* for heavier hides, which were stable with good clearance. Second clear ox 31-35.5 kilos 22p per kilo; 26-30.5 kilos 22.5p; 22-25.5 kilos 24p. Light cows 22p. No calf offered.

RISE IN SOVIET SUNFLOWER SEED OUTPUT FORECAST

WASHINGTON, June 3.

THIS YEAR'S Soviet sunflower seed production is forecast at 6.9m. tonnes, 140,000 more than in 1974 but 500,000 below the 1975 target and the quantity produced in 1973, says the U.S. Department of Agriculture.

FINANCIAL TIMES

June 2	May 30	Month ago	Year ago
150.52	152.83	158.89	204.55

(Base: July 1, 1952=100)

REUTER'S

June 3	June 2	Month ago	Year ago
1060.9	1067.0	1065.1	1298.6

(Base: Sept. 18, 1931=100)

DOW JONES

Dow Jones	June 2	May 30	Month ago	Year ago
Spot	266.81	269.61	277.11	332.30
Futures	244.75	248.38	255.21	292.06

(Average 1924-25-26=100)

MOODY'S

Moody's	June 2	May 30	Month ago	Year ago
Sple Comm'ty	701.8	715.7	719.4	781.7

(Dec 31, 1931=100)

COTTON

LIVERPOOL COTTON—Spot and shipment sales amounted to 203 tonnes bringing the total for the week so far to 1,003 tonnes, F. W. Tattersall reports. Further broadening of demand included African and Middle Eastern qualities. Forward interest was evident in Columbian, Turkish and Sudanese varieties.

Silver falls on gold sale report

NEW YORK, June 2.

SILVER declined sharply on the U.S. government's announcement to auction gold later this month. New record levels in LME warehouses forced copper lower. Reports of an easing of physical differentials in London prompted heavy selling in cocoa. Sugar fell in sympathy with the metals and grains. Chicago grains closed lower across the board on hedge selling and excellent weather in key growing areas, Bache reports.

Cocoa—Ghana spot 62 (62½). Bahia spot 53½ (53½). July 46.00 (47.80), Sept. 43.96 (45.85), Dec. 44.05, March 44.90, May 45.05, July 45.50, Sept. nil. Sales 1,754.

Coffee — Spot Santos No. 4 unquoted (unquoted). Columbian Mams unquoted (unquoted). "C" Contract: July 54.00 (54.11), Sept. 55.35 (55.45), Nov. 56.05-56.20, Dec. 56.40-56.50, March 57.00, May 57.60-57.80. Sales 57.

Copper—June 53.70 (54.70), July 54.20 (55.20), Aug. 54.70, Sept. 55.30 settlements. Sales 1,127.

Cotton—July 43.92-44.00 (44.40), Oct. 45.15-45.17 (45.53), Dec. 45.74-45.81, March 46.55, May 47.10-47.20, July 47.65-47.70, Oct. 48.00. Sales 1,625.

Gold—June 162.90 (166.50), July 164.00 (167.70), Aug. 165.20, Oct. 167.50, Dec. 169.80, Feb. 172.10, April 174.40, June 176.70, Aug. 179.00, Oct. 181.30. Sales 1,507.

Greasewool—Spot 134.0 nom. (same). July 132.5-137.5 (132.5), Oct. 136.0-136.5 (135.0), Dec. 138.0-142.0, March 13.0-142.0, May 138.0-145.0, July 136.0 Bid, Oct. 138.0 Bid.

†Lard—Chicago loose 24½ asked (same). NY drummed 30½ nom. (same).

†† Maize—July 269½-270½ (270½-270½), Sept. 249½-250 (253½-254), Dec. 236½-237, March 242½-242, May 246½.

‡ Platinum—July 149.60 (148.80), Oct. 151.00 (152.90), Jan. 155.80, April 157.20, July 161.50, Oct. 164.60-160.50. Sales 191.

‡‡ Silver — Spot 439.00 (452.00), June 438.10 (449.00), July 441.00 (452.00), Aug. 444.80, Sept. 447.20, Dec. 456.60, Jan. 459.40, March 465.60, May 471.80, July 477.60, Sept. 483.80. Sales 7,355.

* SOYABEANS—July 491-493 (492½), Aug. 482½-482 (485½), Sept. 478½-478, Nov. 478-479, Jan. 484, March 494-495, May 501, July 506, Aug. 506 nom.

b Soyabean Meal — July 119.00-119.20 (119.90), Aug. 120.00-120.50 (121.00), Sept. 121.00-121.50, [illegible] 125.00-124.80, [illegible]

Soyabean Oil—[illegible] Aug. 20.25-20.30 [illegible] Oct. 19.10-19.20, [illegible] March 17.70, [illegible] Aug. 16.80-18.90 [illegible]

Sugar—Spot [illegible] 14.55 (15.20), [illegible] 14.15-14.10, [illegible] 13.55, May 13[illegible] 13.10-13.15, Oct. [illegible]

Tin — 317.50-[illegible] nom).

**Wheat — July [illegible] Dec. 310½-309½, [illegible]

WINNIPEG, [illegible] bid (218½), Oct. [illegible] nom.

cOats—July [illegible] asked (153), D[illegible]

§Barley — July [illegible] (212½), Dec. 2[illegible]

dFlax seed—[illegible] 725 asked (75[illegible]) 685 asked.

Wheat—SCWRS [illegible] content St. Lawrence [illegible]

All cents per [illegible] otherwise stated [illegible] ex-warehouse. [illegible] ounce lots. [illegible] 100 lbs — De[illegible] day. Drummed [illegible] ‡‡ Cents per [illegible] b New "B" c[illegible] for bulk lots o[illegible] f.o.b. cars Dec[illegible] troy ounce for [illegible] cent. purity de[illegible] 60-lb bushel in [illegible] bushel ex-ware[illegible] c Cents per 34-lb [illegible] bushel ex-ware[illegible] d Cents per 5[illegible] 1,000 bushel lots.

To anyone earning over £7,000 a year.

You qualify as a man who might drive a quite exceptional car.

The Peugeot 504 Superluxe. Even by Peugeot standards it's something special.

Standard equipment includes these luxury features: leather upholstery, fully reclining front seats, built-in adjustable head restraints, carpets, clock, cigar lighter

In addition there's a rev. counter, heated rear window, two speed wipers, wash and wipe sequence, through flow ventilation, steel sliding sunroof, reversing lights, metallic paint finish.

For the technically minded, there's Kugelfischer fuel injection, ZF automatic transmission, adjustable quartz-iodine headlights, rack and pinion steering, electrophoretic all-over rust protection.

Safety features include servo-assisted disc brakes all round, safety construction (impact absorbing bonnet and boot, reinforced passenger compartment), anti-burst door locks and childproof rear locks.

There's also a laminated windscreen, inertia reel front seat belts, rear seat belt anchorage points, padded steering wheel, collapsible steering column.

The Peugeot 504 Superluxe costs £3484.
We make it for people who've made it.

Price correct at time of going to press.

I'd like to know more about the Peugeot 504 Superluxe. Please also send brochures on: 104 saloon, 204 saloon and estate, 304 saloon and estate, 504 saloon and diesel saloon, 504 estate. (delete those you don't require).

Name ____________________

Address ____________________

Send to: Tony Lockwood, Peugeot Automobiles (UK) Ltd., Peugeot House, Western Avenue, London W3 ORS. Tel: 01-993 2331.

FT/10/4

PEUGEOT

The better built, more reliable car.

Roneo Vickers to rebuild Romford factory for £4.5m.

FINANCIAL TIMES REPORTER

RONEO VICKERS, the office equipment subsidiary of Vickers, is to spend £4.5m. on rebuilding its biggest factory in Britain. The plant, at Romford, employs 1,450 people and produces a wide range of office equipment.

The investment is being made in anticipation of a long term expansion in the market for postal machines, duplicating machines, office furniture and filing systems. Normal production will continue at the factory while the re-building takes place.

The company, which was formed in 1965 following Vickers' acquisition of Roneo, has a turnover of £71m., making it the biggest division in terms of sales in the Vickers group. It employs 9,000 people in six factories around Britain together with a further 2,350 employees in France.

Since the original acquisition of Roneo the business has been enlarged by several others, including Compagnie du Roneo and Behin-Robustacier Meubles in France and Hirst Buckley and Fanfold in the U.K. A new factory for Hirst Buckley at Scissett will come into operation later this year.

Call to boost world food production

BY RAY DAFTER

WORLD FOOD production must be increased by 35 per cent. in the next few years unless the present supply situation deteriorates even further, according to a report published by the British Agrochemicals Association. As it is, two-thirds of the world population is short of food or living on a monotonous or inadequate diet.

The food supply can be improved only with the use of modern chemical plant protection products, fertilisers, more farm machinery and more resistant varieties of plants, the association argues in a leaflet, *Why Feed Pests?*

The use of pesticides had already helped considerably in the bid to improve food production. The acreage which produced enough food for 80m. Americans in 1910 produced enough food for 200m. 60 years later.

Americans now spend 17 per cent. of their annual income on food. Without the use of pesticides, it is claimed, costs would rise and the housewife would need to spend 34 per cent. of the family budget on food.

Even now it is estimated that pests destroy up to one-third of the world's food during growth, harvesting and storage. In Africa and Asia losses may reach more than 40 per cent. of everything produced. "We cannot afford to feed pests as well as people," says the BAA.

The report, primarily intended for an audience of schoolchildren, was produced in consultation with several conservation bodies, the Ministry of Agriculture and the National Farmers Union.

MORE SCOTTISH AIR PASSENGERS

AN INCREASE in passenger traffic at Aberdeen and Edinburgh Airports was mainly responsible for a small rise in the total number of passengers going through the Scottish airports division of the British Airports Authority in April, compared with the corresponding month of last year.

At the four airports, there were 278,773 passengers—an increase of 427. Aberdeen recorded a rise of almost 50 per cent. to 48,008; Edinburgh a 31 per cent. increase to 71,719; but 20 per cent. falls were recorded at Prestwick and Glasgow which returned figures of 158,324 and 32,017 respectively.

Freight handled at the four airports totalled 3,715 metric tonnes, with a 21 per cent. increase at Aberdeen and Edinburgh and a 33 per cent. drop at Glasgow and Prestwick.

Council to canvass public on Lancs industry plan

BY OUR PRESTON CORRESPONDENT

MORE THAN 500,000 people in a problem area of Lancashire are to be given their say on planning the area's future.

The aim of Lancashire County Council's Structure Plan for the declining industrial valleys of East Lancashire is to enable it "to compete on equal terms" with other areas, in particular the adjoining Central Lancashire New Town.

The report covers the traditional mill towns of Blackburn, Burnley, Accrington, Nelson, Colne, Barnoldswick, Rossendale and the Ribble Valley.

A leaflet entitled "The Choices Before Us" is to be distributed to 190,000 households inviting comments in the next eight weeks.

Announcing the proposals yesterday the County Planning Officer, Mr. Jeffrey Rowbotham, said: "In a matter so far-reaching as the Structure Plan, which will study the County Council's broad policies for developments over the next 15 years in an area of 470 square miles where 518,000 people live, it is essential to get as many minds as possible working on the problems and possible solutions."

Other devices to articulate public comment include a 2 per cent. sample "attitude survey," seminars, public meetings and phone-in programmes on local radio.

County councillor Traviss Carter, chairman of the council's planning and industrial committee said: "The area has always been regarded as a bit of a pariah, but it could be made into a good part of England with a little bit of give and take on a lot of people's part."

The report says that 23,000 jobs were lost between 1966 and 1971 largely due to textile mill closures. The population had declined for many years.

But Mr. Rowbotham said the population had stabilised over the last two or three years.

He added: "The trend gives us hope and we have to decide how we can promote this confidence."

The Calder Valley motorway—on which a Ministerial decision had been awaited for the first section for 15 months—would be a key issue.

Mr. Charles Flatt, the council's assistant chief executive officer, said East Lancashire should have the same advantages to enable it to compete on equal terms for new industry with Central Lancashire New Town. But the report says that shortage of money means difficult choices have to be made.

It comments: "If, as seems likely, grants from central Government do not increase in line with the cost of living, to what extent should the rates payable to local government be allowed to rise to pay for policies designed to make North East Lancashire a better place to live."

Lowly shed for BR's super trains

A DERELICT engine shed at Leeds Neville Hill which once housed steam locomotives is to be given a new life as maintenance depot for British Rail's high speed trains.

The 70-year-old building is to be transformed and extended to become a principal part of the maintenance complex for the 125 mph trains in a £1.8m. project announced by British Rail Eastern Region yesterday.

The scheme will also involve alterations at the existing modern depot at Neville Hill and increased facilities for maintenance of passenger rolling stock used on conventional trains.

Neville Hill, two miles east of Leeds station, has been chosen as the centre for heavy maintenance and repairs on 32 high speed trains because of the geographical location of Leeds at the hub of services to be worked by the new 125 mph units.

The eight-coach air-conditioned trains with a 2,500 hp diesel power car at each end, will enter service in 1977/78 between London (King's Cross) and Yorkshire, North East England and Scotland.

Neville Hill is also well placed to do principal maintenance on additional high speed trains which British Rail hopes to introduce later on other services including Leeds/Sheffield/London (St. Pancras) and North East/South West routes if funds are available.

Jersey raises cigarettes and drinks duty

By Our Jersey Correspondent

A SURPRISE "mini-Budget" aimed at boosting local revenue by £2m. a year was approved by Jersey's Parliament yesterday. From midnight last night higher duties will apply on imports of spirits, wines, beer and cigarettes.

The largest increase of 32p per bottle will cover spirits. Duty on wine is to be increased by 5p a bottle, beer by 0.75p a pint, and cigarettes by 4.3p for 20.

At present the retail price of proprietary Scotch in Jersey is as low as £1.64 a bottle, and cigarettes average about 26p for 20.

Senator Cyril le Marquand, the island's "chancellor," said one reason for introducing the increases was the need to keep a "reasonable differential" between U.K. and Jersey drink and tobacco prices.

GLASGOW OFFICE AND SHOPS PLAN

The Grosvenor building in Gordon Street, Glasgow, which was widely known for its Victorian-style banqueting suite until gutted by fire a few years ago, is to be converted into a six-storey office block with shops on the ground floor. The façade will be retained and given a "facelift."

Subject to the approval of the Scottish Secretary, planning permission and listed building consent for the development of the £500,000 conversion was granted to-day to Scottish Sites Improvements.

EDC REPORT ON CLOTHING INDUSTRY

Policy of self help

BY RHYS DAVID

A PROGRAMME for revitalising clothing manufacture in Britain has been put forward by the industry's economic development committee to the Government. The estimated cost of the proposals is £42.5m., spread over the period to the end of 1979.

The scheme, which is intended to take advantage of the provisions of the Industry Act, 1972, calls for assistance to be given towards the cost of capital investment and improvements in the structure and management of companies within the industry, where these are aimed at boosting productivity.

Other proposals envisage the setting up of a clothing productivity centre, a machinery and technical information centre, and new arrangements for improving the industry's own internal information system and for attracting more and better quality recruits.

The report stresses the importance of the clothing industry within the economy as a whole. In 1972 it employed a total of 360,000 people—4.7 per cent. of all those in manufacturing—and is the major outlet for the textile industry, employing a further 470,000. Total employment in clothing and textile is exceeded only by mechanical engineering, and the value of goods produced came to more than £3,650m. in 1972.

RELATIVE IMPORTANCE OF CLOTHING INDUSTRY IN THE MANUFACTURING SECTOR

	1968 Clothing	1968 % of all manufacturing	1972 Clothing	1972 % of all manufacturing
Gross output	£801.5m.	2.1	£1,137.1m.	2.1
Net output	£359.8m.	2.4	£529.8m.	2.4
Employment	349,800	4.5	362,600	4.7
Net investment	£13.9m.	0.9	£19.6m.	1.0

Source: Census of Production

Import rise

Since 1968, however, consumer expenditure on clothing has increased at a faster rate than output and this has led to a massive rise in imports which has not been matched by an equal rise in exports. The clothing trade gap has grown from £56m. in 1972 to £121m. in 1973, and £170m. last year.

At the same time the industry has been suffering from a declining labour force, and a high labour turnover rate—48 per cent.—both very largely the product of the industry's position as the lowest payer in the manufacturing sector. As a result, it has proved difficult to attract investment, even though there is evidence that higher investment could yield satisfactory results in terms of improved competitiveness, increased production, better pay and higher profits.

The industry's lack of management resources is seen as one of its main weaknesses. The report points out that the economic pressures on the industry have resulted in non-operative personnel being kept to a minimum and this has had the further effect of making a management career in the industry unattractive. Growth in company size, so that a deeper management structure with more specialisation could be created, is seen as a way around this problem.

Easy diagnosis

The report goes on: "The productivity potential clearly exists and if this could be tapped the basic problems of the clothing industry would be overcome. The increasing flow of imports could be stemmed, the trade deficit reversed, output raised, wages improved and the drift away from the industry reversed. There can be few industries in the U.K. in which the problem can be so easily diagnosed, in which the illness has hitherto proved so intractable and in which the health of the industry would be so beneficial to the nation."

To tap this potential the report suggests a scheme within the terms of the Industry Act, 1972 whereby Government money would be released to the industry for necessary improvements either in the form of grants or loans, and under the supervision of the EDC. Companies seeking to participate would be advised to keep the unions—in most cases the National Union of Tailors and Garment Workers—fully informed of productivity and structural improvement plans as soon as serious thought starts to be given to them.

Altogether a total of ten proposals is put forward which would require Government assistance through the Industry Act. Various other complementary suggestions through which the industry might strengthen itself are also made.

The Industry Act proposals are:

1—Fifty per cent. grants for companies wishing to employ approved consultancy services for productivity improvement projects. This is intended to help concerns which would value the advice of consultants but who are currently deterred by the high cost.

2—Assistance to companies which undertake capital investment on major projects to improve productivity. These would include investment in machinery, work aids, workplace engineering, specialist departments, new buildings, amenities, and improvements to buildings. A higher rate of financial assistance than for ordinary equipment and for buildings would be given in certain circumstances for advanced technology equipment, because of the need for a high level of automation in the production of basic garments.

3—Assistance for companies which demonstrate sustained exporting ability or have a specific plan to develop such a business. Companies which could show that exports exceed 15 per cent. of sales by value would be regarded as sustained exporters and eligible for higher assistance. A total of 55 companies reached this proportion in 1972-73.

4—Financial assistance for companies wishing to seek advice on, or undertake approved organisational improvements. This would be available to companies thinking of associating themselves with other companies through merger, takeover or some looser link.

5—Assistance towards the cost of a communications campaign within the industry including mobile productivity units.

6—Assistance towards the establishment of a Clothing Productivity Centre. The centre is required, the report states, to increase awareness within the industry of methods of raising productivity.

7—Financial assistance for the setting-up of a Machinery and Technical Information Centre by the Clothing Institute. The centre, for which a single initial grant of £25,000 is suggested would hold permanent and temporary exhibitions of ancillary equipment and machinery to assist companies in evaluating their requirements.

8—Financial assistance for a three year trial market information system aimed at improving the flow of knowledge between the various levels within the industry.

9. Grant towards the cost of two films promoting careers in clothing management in schools and colleges.

10. A single grant to the clothing trade associations to establish the British Clothing Industry Council for Europe on a proper footing.

Coaching

The self-help proposals put forward by the EDC include expansion of the industry training Board's in-company coaching activities for managers as a means of increasing the effectiveness of existing management fairly quickly; conversion programmes for experienced managers from other industries, and a joint industry campaign to recruit experienced managers from other industries.

The report also calls for a greatly increased research and development effort by the industry and it points out that most of the research work currently done by textile research associations is textile rather than clothing orientated. A £400,000 a year target level of expenditure on publicly supported research and development is advocated.

In a statement accompanying the proposals, the EDC says the industry is at the crossroads. Either it is given the confidence and assistance to speed up transition from a craft base to a technological one, enabling it to go ahead and make a valuable contribution to the U.K.'s trade balance and full employment policies, or it is allowed to crumble away, perhaps with alarming rapidity. This would deal a major blow to employment opportunities for women, to the already stricken and dependent textile industries, to the trade balance and to a form of national expression which is displayed through clothing.

APPOINTMENTS

OVERSEAS PROPERTY

CORPORATION LOANS

PUBLIC NOTICES

GLASGOW DISTRICT COUNCIL is issuing today £4m. Bills at 9 7/16% p.a. maturing 3rd September, 1975. Applications totalled £25m. The total amount of bills outstanding is £16m.

THE SOUTH STAFFORDSHIRE WATERWORKS COMPANY
NOTICE IS HEREBY GIVEN that the Transfer Books of the Company will be CLOSED from the 17th June, 1975 to 30th June, 1975 both days inclusive, against Transfers of Debenture and Preference Stocks, but not against Transfers of Ordinary Stock.
By Order of the Board.
A. W. TIBBENHAM,
Secretary.
Birmingham.
29th May, 1975.

COMPANY NOTICES

JACQUES BOREL INTERNATIONAL

Incorporated in France with limited liability as a Societe Anonyme with a capital of FF102,749,700

Registered Office: Tour Maine-Montparnasse, 33 Avenue du Maine, 75755 Paris, Cedex 15.

NOTICE TO SHAREHOLDERS

Increase of Capital by way of Rights Issue

At a General Meeting of shareholders on 11th June 1974, the Board of Directors was authorised to increase the share capital of the Company at its discretion up to a maximum amount of FF150,000,000.

Using the authorisation and powers given to it by the general meeting of shareholders, the Board of Directors, on 29th May 1975, announced its decision to increase the share capital of the Company from FF102,749,700 to FF123,299,600 by the creation and issue of 205,499 new shares of FF100 each to be subscribed for in cash.

Issue Price

The new shares will be issued at FF460 per share (i.e.: par value of FF100 plus a premium of FF360) this price will be payable in full on subscription.

Dividends

The new shares, numbered from 1,027,498 to 1,232,996 are identical to the 1,027,497 old shares except that they will not rank for dividend in respect of the year ended 31st December 1974. They will be entitled to the coupon from 1st January 1975.

Form of New Shares

The new shares will be issued in registered or bearer form at the subscriber's option. In the case of new bearer shares they will be either delivered to the subscriber or deposited in Sicovam to the account of the affiliated agent designated on the subscription form.

Basis of Rights Issue and Instructions for Application.

Holders of the 1,027,497 old shares of FF100 each par value will get a preferential right to subscribe for the 205,499 new shares to be issued in the proportion of one new share for every five held.

The application right will be represented by coupon no. 17 on the old shares, which will therefore lose its value as a dividend coupon.

The exercise of the application right will be made as follows:—

—For Registered shares: by stamping the certificates.
—For Bearer shares: by delivering either notification of transfers of rights on Sicovam or coupon no. 17 detached from the shares if they are not deposited at Sicovam.
—by delivery of the rights certificates handed at their request to holders of registered certificates who wish to deal in their rights, either in whole or in part. The rights will be negotiable according to French law.

Application for Excess Shares

At the same time as they exercise their preferential rights shareholders will also be entitled to apply for new shares which will not have been subscribed for pursuant to the preferential right.

Such shares must also be paid for in full on application. Any allotment of excess shares to subscribers will be made proportionately to the number of shares for which they will have applied, but fractions of shares will not be allotted.

Unless a special request is lodged by the date on which the application list is closed, separate subscriptions tendered in the name of a single applicant will not be consolidated and the allotment of shares so subscribed for will be made separately for each application.

If applications have to be scaled down, excess subscription monies will be returned to subscribers entitled thereto, without interest and liability to other charges. If any shares remain unissued after the exercise of preferential rights and applications for excess shares, the Board of Directors will make arrangements for selected persons or companies to apply for them.

Period of Application

Applications will be received from 9th June to 9th July 1975. Applications which, at the end of the application period have not been paid for in full will be considered null and void. Any shareholder who has not exercised his application right within the above period will be deemed to have renounced it.

Places of Application

Applications will be received at the counters of the following banks:—

Banque de l'Union Europeenne, 4 rue Gaillon, 75002 Paris.
Banque de Suez et de l'Union des Mines, 44 rue de Courcelles, 75008 Paris.
Banque Nationale de Paris, 16 Boulevard des Italiens, 75450 Paris Cedex 09.
Credit du Nord et Union Parisienne—Union Bancaire, 6 et 8 Boulevard Haussmann, 75427 Paris, Cedex 09.
Banque Louis Dreyfus, 6 rue Rabelais, 75364 Paris, Cedex 08.
Societe Generale, 50 Boulevard Haussmann, 75009 Paris.
Societe Lyonnaise de Depots et de Credit Industriel, 8 rue de la Republique, Lyon 1 er.
Societe Francaise de Banque, 119 Boulevard Haussmann, 75008 Paris.
Credit Commercial de France 103 Avenue des Champs-Elysees, 75361 Paris, Cedex 08.

Also at branches and offices of these banks in France.

The funds paid in support of applications will be deposited during the legal time at the counters of the Banque de l'Union Europeenne, 4 rue Gaillon, Paris.

Quotation

The 1,027,497 old shares are listed on the Paris Stock Exchange and the London Stock Exchange.

Application will be made for admission of the 205,499 new shares to quotation on the Paris Stock Exchange and to the official list of the London Stock Exchange. The insertion relating to the present increase of capital required by French law was published in France in the "Bulletins des Annonces Legales Obligatoires" on 2nd June 1975, and an advice to shareholders was published in "Petites Affiches" on the same day.

The French "Commission des Operations de Bourse" has stamped visa no. 75-68, dated 13th May 1975, on the prospectus required by French law.

The Chairman and General Manager
JACQUES BOREL

4th June 1975.

"Les Villepreux" 47 Avenue de Villepreux, 92420 Vaucresson, electing domicile at the head office of the Company: Tour Maine-Montparnasse, 33 Avenue du Maine, 75755 Paris, Cedex 15.

Boom for BA Shuttle air service

By Michael Donne, Aerospace Correspondent

BRITISH AIRWAYS' London-Glasgow no-reservations Shuttle service is now carrying more passengers than the airline carried on conventional services on the route last year, and BA is confident that this growth will continue.

The Shuttle's best week so far was that ending on May 25, when 16,433 passengers were carried, 37.4 per cent. more than in the corresponding week a year earlier.

The Shuttle is so popular now that it is becoming common for aircraft to depart full, ahead of time; with "back-up" aircraft leaving full and on time; and a second back-up aircraft leaving a few minutes later, also full.

The Shuttle system ensures that a passenger does not have to book, and that provided he turns up at the gate, the airline guarantees to carry him, if necessary providing back-up aircraft for the purpose.

The four weeks up to May 25 produced nearly 5,000 passengers more than in the same period last year, even though the 1974 figures were inflated by the effects of the rail strike

BA remains concerned, however, lest the Civil Aviation Authority should be induced by the rival British Caledonian Airways to give the latter a "differential fare" to allow it to compete with the Shuttle on the Gatwick-Glasgow route.

This differential might take the form of either raising Shuttle fares, or cutting the British Caledonian rate. At present fares on the Shuttle and BCAL'S flights are the same.

World airlines delay decision on commission rates for agents

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE WORLD'S major scheduled airlines have put off a decision on future levels of commissions to travel agents, to give governments more time to settle their own negotiations.

The decision was due to be taken through a "mail-vote" of the member-airlines of the International Air Transport Association, seeking approval for a basic 7½ per cent. commission to travel agents, a rise of ½ per cent. on the present level.

Earlier attempts to reach agreement through the mail-vote system failed because Pan American objected that the plan provided only for the basic rise to 7½ per cent. and did not include any incentive commission for agents to encourage them to boost their business.

Pan Am is already paying its agents the basic 7½ per cent., plus an "incentive bonus" of 3 per cent. on all business in excess of 90 per cent. of last year's level.

In many countries, however, governments have stepped in and prevented Pan Am from paying this incentive bonus, on the grounds that it would force their national carriers to do the same and thus raise air transport costs.

Stable system

In the U.K., attempts by the Department of Trade to impose its views on Pan Am were defeated in the High Court, when Mr. Justice Donaldson ruled that the DoT had no power to insist on specific levels of commission payable to agents.

The DoT is still considering an appeal against this ruling, but in the meantime, having jointly with the U.S. Government asked the airlines to seek a stable commissions system, is waiting for something to happen at airline level.

Governments feel it is up to the airlines, through the IATA, to sort out the problem, while the IATA has deferred a mail-vote decision.

The only significant step that does seem to have been taken is a decision by the IATA executive committee to implement a nine-point "compliance programme," aimed at ensuring that airlines in future adhere to the IATA rules.

Breaches of those rules, especially on commission payments, have been estimated to cost the airlines $300m. a year in lost revenues, and it was this drain which influenced Pan Am originally to announce its incentive commissions plan.

Pan Am feels that by offering more commission, many of the malpractices in the industry could be avoided. It has subsequently reinforced this view in a strong letter to Mr. Knut Hammarskjold, the director-general of the IATA, emphasising the need for stricter compliance with the association's rules.

Among the measures the IATA is planning to take are tougher scrutiny of airlines' books, seeking personal undertakings from airline chiefs that they will abide by the rules, employing more staff to ensure that airlines comply, and improving the relationships between the airlines and the IATA enforcement officers.

Boustead Limited

1974 Results	1974	1973
	£'000	£'000
Turnover	16,882	5,009
Operating profit	1,499	521
Profit before taxation	1,271	530
Taxation	652	303
Net profit attributable to shareholders	383	160
Earnings per share (net basis)	3.91p	2.80p
Dividend per share	1.08464p	1.0p

The Chairman, Mr. H. B. Roper-Caldbeck, reports to Shareholders:—

"The year under review saw the implementation of the merger of your Company with Edward Boustead & Co. Limited and the Group results reflect this further expansion of the Company's interests and may be considered satisfactory in that profits after taxation exceeded those forecast at the time of the merger.

Political and economic uncertainties render it unwise to make specific forecasts for even the immediate future but I believe that the spread of our Group's interests is such that we can be reasonably confident of maintaining a satisfactory rate of progress during 1975.

There are a number of new developments under consideration which are aimed at providing further growth for the Group."

APPOINTMENTS

Executive changes at Triplex

PILKINGTON BROTHERS has made changes in the role and responsibilities of Triplex Holding and Triplex Safety Glass Company to bring safety glass into line with other major operating units in the group.

Mr. S. E. Kay becomes chairman of Triplex Holdings and continues as chairman of Triplex Safety Glass. Mr. T. E. Peppercorn has resigned the chairmanship of Triplex Holdings but remains on the Board and as chairman of Weldall Engineering.

Mr. A. Maxwell Stamp has resigned as a director of Triplex Holdings and Mr. G. W. T. Bird (a member of the Pilkington General Board) has been appointed a director. Mr. R. K. McCabe has been made treasurer.

★

Mr. C. I. Ball has been appointed chairman of KLEINWORT BENSON INVESTMENT TRUST in place of Mr. R. A. Henderson, who remains on the Board. Mr. C. W. L. Crook has become a director. The company is a subsidiary of Kleinwort Benson.

Mr. Robert W. A. Hermans has been appointed managing director of PHILIP MORRIS AND CO., a subsidiary of Philip Morris Inc.

★

Mr. R. Younger has been appointed a director of the PEARL ASSURANCE COMPANY and continues as a deputy general manager.

★

Mr. A. T. Cheek, senior official in Bankruptcy and Companies Liquidation (High Court) will retire with effect from June 10. Mr. J. B. Clemetson has been appointed senior official receiver, Companies Liquidation and Bankruptcy and will undertake administrative duties for both the Bankruptcy and Companies High Court offices. Mr. J. A. Sell has been appointed principal examiner (Companies Liquidation).

★

Mr. W. A. Handley has been appointed a director and general manager of Innsworth metals division of DOWTY HYDRAULIC UNITS.

★

Mr. Alan Ellis has been appointed a deputy director of WILLIAMS AND GLYN'S BANK.

★

Mr. G. Esam has been appointed chief advances manager of the domestic banking division of NATIONAL WESTMINSTER BANK succeeding Mr. P. C. Dodds, who becomes the division's deputy general manager. Mr. Esam has been manager of 250 Regent Street branch, London, since 1972.

★

Mr. John von Simson has been elected to the Board of the HYDROVANE COMPRESSOR COMPANY, a member of the CompAir Group.

★

Dr. A. McKenna has been appointed manager, engineering department, BP CHEMICALS INTERNATIONAL from July 31 to succeed Mr. G. Lowery who will be retiring from the company on that date. Mr. G. Jones has been made operations manager, BP California.

★

Mr. R. P. Wilcox has been appointed a director and company secretary of HOLT PRODUCTS.

★

Mr. A. N. Creed, chief executive of Edmundson Distribution and managing director of PTS Edmundson Tools, both members of the CHARTERHOUSE GROUP, has retired but he continues as a consultant to both companies.

★

Mr. J. M. Peake, a director of Baker Perkins Holdings, has been appointed president and chief executive officer of BAKER PERKINS INC., the U.S. subsidiary. He succeeds Mr. P. B. Harley who has accepted early retirement and has also resigned from the Board of Baker Perkins Holdings. He has been retained as a consultant.

★

Mr. Michael J. Boulton, company secretary of EDMUND BELL AND CO., has joined the main Board as financial director.

★

Dr. Jan Vinter has been appointed managed of ZIVNOSTENSKA BANKA NATIONAL CORPORATION, London. He replaces Mr. Milan Vrskovy who is returning to Czechoslovakia.

★

Mr. Dennis F. Gilley has become chairman of the ASSOCIATION OF CONSULTING ACTUARIES in place of Mr. J. K. Scholey.

★

Mr. Chris G. Petrow has been appointed vice-president and managing director of TRW EUROPE INC., and Mr. Philippe W. Newton has become deputy managing director. The company is a subsidiary of TRW Inc. and is headquartered in London.

TRONOH MINES LIMITED

Extracts from the statement by the Chairman, Mr. J. G. Richardson, for the year ended 31st December, 1974.

Production for the year of 3077 tonnes of tin concentrate, compared with the 1973 output of 2748 tonnes, exceeded expectations. While this substantial production certainly contributed to the increase in mining profit from £377,000 in 1973 to £2,666,000 for the year under review, the rise in the average net price received per picul of concentrate from M$433 to M$670 was of greater significance. Group profit before taxation totalled £4,423,000 compared with £1,280,000 in 1973.

Two dividends totalling 4.02p (1973: 2.975p) per share were paid.

Due to a slight reduction in the estimated grade of ground scheduled for mining, it is not expected that the current year's production will match that of 1974. Nevertheless a reasonable output should be maintained. All dredges are working satisfactorily and no major modifications are envisaged.

In 1974 the Malaysian Government introduced a new economic plan to provide for increased local participation in industry within the country. Your Directors appreciate the aims of the Federal Government and are taking steps to comply with these requirements whilst continuing to safeguard the interests of all shareholders.

Your Board has believed it desirable that consideration be given to the transfer of control of the Company's Malaysian operating assets to that country. To that end consultations are taking place with the relative authorities in both the United Kingdom and Malaysia.

Last year I reported that agreement had been reached with the Perak State Development Corporation to develop the new mining property approved by your Company. Progress on the development has been delayed pending ratification by the Malaysian Foreign Investment Committee. It is hoped that some way can be found whereby this new mining property can be brought to production as soon as possible as it will make an important contribution to the Malaysian economy.

The Company also has a 9% interest in an important and potentially very large tin discovery in South Selangor and an agreement has been reached for the preparation of a definitive feasibility study by the end of 1975. If this is accepted it is anticipated that mining operations could commence in approximately five years' time. Our Company's interest can be increased to 13.5% at the feasibility stage.

Copies of the Chairman's statement and the report and accounts can be obtained from the Registrars, Tronoh Mines Limited, P.O. Box 102, Charter House, Park Street, Ashford, Kent TN24 8EQ.

COMPAGNIE FINANCIÈRE DE SUEZ

The Annual General Meeting of Compagnie Financière de Suez was held in Paris on May 27, and was followed by an Extraordinary General Meeting.

The following is a translation of extracts from the statement made by the Chairman, Monsieur Michel Caplain, at the Annual General Meeting:—

Although the present world and national situation is bad, the prospect of economic and possibly political ruin, which had so depressed markets last autumn, seems now to be averted.

In prevailing conditions, business in our Group is not affected uniformly.

In the industrial, commercial and property sectors, if some recovery takes place between now and the end of the year, a difficult, but not really bad, year can be expected.

In the banking sector, our three large banks produced results in the first quarter of 1975 which were at times appreciably higher than those for the same quarter of 1974. It must be remembered, however, that the position does not exclude the possibility of certain failures among clients, which could weigh on the end-of-year results.

This situation as a whole will have repercussions on our Company's results for the year 1976.

1975 looks good. First, it will not suffer from the handicap of the year 1974, which was marked by the non-payment of a dividend by Suez International and by the absence of the first dividend from the new Banque de l'Indochine which will be distributed in 1975. This dividend of Frs.31m. will be incorporated in our income for 1975.

Furthermore, the dividends of our subsidiaries which had been limited by Government recommendations in 1974, will in many cases be increased in 1975.

I would also like to say a few words about our consolidated accounts for 1974 which are a good instrument for measuring our situation and true profit level.

The most significant figures are the following:

—Total of our consolidated balance sheet: Frs.89.4 thousand millions against 69.4;
—Total of deposits in our banks: Frs.66.5 thousand millions against 52.7;
—Net income before security transactions: Frs.425.5m. against 317.7, that is, Frs.54.33 per share against 50.83.

To sum up, it seems to me that our Company is benefiting from its size and diversification to ensure, even in difficult times, the level and security of its profits.

The market price of our share, despite the considerable improvement shown during the past six months, is still abnormally depreciated, as is the case with many French shares.

Are there any factors in this which apply particularly to our Company?

Certainly not our financial position which, taking the economic situation into account, is altogether satisfactory; but we can, in this connection, call to mind two problems: the lawsuits of last summer and the reduction in our capital.

On the first point, as you know, we have reached an agreement with our opponents which has resulted in the withdrawal of the legal actions. A committee of experts has been called upon and we are sure that their opinion, requested by all the parties concerned, will clarify the conditions in which the criticised transactions were effected and will establish their regularity.

I thought I would be able to give you wholly reassuring news about this aggravating matter, but a new aspect has just arisen.

On May 17, a new shareholder, unknown to our Company, and under the signature of a new lawyer, served a new writ on Suez, Saint-Gobain-Pont-à-Mousson and certain of their directors to appear before the "Tribunal de Commerce."

This writ revives in broad outline the criticisms which had been levelled against the Saint-Gobain-Pont-à-Mousson merger. The behaviour of this shareholder is quite inexplicable, since the questions which preoccupy him are at present being examined thoroughly by a body of eminent men and it would have been the natural thing for him to wait for their opinion.

With regard to the reduction of our capital, consequent upon the absorption of Banque de l'Indochine, I know some of you were disturbed, more especially as, following this transaction, some 16 per cent. of our capital remained in subsidiaries of our Company.

For my part, I am still convinced that it would have been advantageous if these shares could have been utilised to look for an important new shareholder, or to introduce our shares on certain foreign markets.

As the trend of the market did not allow it, the only logical solution, and one conforming to your interests, is to absorb these subsidiaries—SOGESPAR and AUXIGES—in order to simplify our structure and to reduce our capital. This will see the true worth of our share more rapidly increased by any improvement in market conditions. We are, therefore, I believe, well armed to confront and surmount the difficulties of the present time.

In conclusion, I would like to tell you that our management is constantly actuated by a two-fold concern:

Firstly, to safeguard your interests by ensuring the stability and prosperity of your Company, to which end our officials and personnel apply themselves very loyally. Then, to have as close and as profitable contact with you as possible so that we may know about your anxieties and, if possible, allay them.

The Report and Accounts were adopted and the distribution of a dividend of Frs.15 per share payable as from June 9, 1975, against Coupon No. 31, was approved. U.K. residents are entitled to claim an "avoir fiscal" of Frs. 7.50.

All four resolutions before the Meeting were passed.

At the Extraordinary General Meeting, all thirteen resolutions were passed.

An English translation of the Annual Report and Accounts and of the Extraordinary Meeting Report will be obtainable later in London from SUEZ FINANCE COMPANY (LONDON) LIMITED, 78 OLD BROAD STREET, LONDON EC2M 1SL, and in the United States from M. C. Boillat, U.S. Representative of Compagnie Financière de Suez, 1 Chase Manhattan Plaza, New York, N.Y. 10005, U.S.A.

MONEY MARKET

Moderate assistance

Bank of England Minimum Lending Rate 10%
(Since May 2, 1975)

Day-to-day credit was in short supply in the London money market yesterday, although there was again uncertainty as to the way in which conditions would develop, with early expectations suggesting a more marked shortage than that which appeared, with identifiable factors leaning more towards the market's favour on a late count than on an early, and with banks possibly carrying on a surplus. Banks had carried over a surplus from Monday, and Government disbursements were greater than revenue transfers to the Exchequer, but the market faced a net take-up of Treasury bills, there was a rise in the note circulation, the authorities held maturing bank bills, gilt-edged settlements ran against the market's favour to some extent, and the market repaid to the Bank of England the moderate sum borrowed overnight at the Bank of England Minimum Lending Rate.

Discount houses paid 8½-9½ per cent. for secured call loans in the earlier part, but found late balances in some instances at 7½-8½ per cent. In the inter-bank market, overnight loans were in a range of about 8-9⅝ per cent.

Short-term fixed period rates were a little weaker in some instances, with the one-month sterling certificate yield ending at 9½-9 5/16 per cent., against the previous 9½-9⅝ per cent., the three-month at 9 11/16-9¾ per cent., against 9 13/16-9 15/16 per cent., and the one-year at 11 3/16-11 per cent., against 11¼-11 1/16 per cent.

Rates in the table below are nominal in some cases.

June 3 1975	Sterling Certificates of deposits	Inter-bank	Local Authority deposit*	Local Auth. negotiable bonds	Finance house deposit	Company deposits	Discount market deposits	Treasury bills ϕ	Bank bills ϕ	Fine trade bills ϕ
Overnight	—	8-9⅝	—	—	—	9¾-10¼	7½-9½	—	—	—
2 days notice	—	—	9⅛-9¼	—	—	—	—	—	—	—
7 days or 7 days notice	—	9-9½	9⅝	—	10-10¾	—	8¾-9	—	—	—
One month	9½-9 5/16	9½-9⅝	9½-9⅝	10-9¼	10-10¾	—	9	9 5/16-9⅜	9½	10-11¼
Two months	9¾-9⅝	9⅝-9⅞	—	10-9¼	10⅛-11	—	9¼	9⅝-9 11/16	9 11/16	10¼-11¼
Three months	9 11/16-9¾	9 11/16-10 1/16	10	10-9¼	10⅜-11¼	—	9¼-9⅜	9½-9 13/16	9¾	10⅜-11¼
Six months	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	—	10⅛	10¾-11⅛
Nine months	[illegible]	[illegible]	—	—	—	—	—	—	—	—
One year	11 3/16-11	11 1/16-11¼	12-12⅛	11¾-11¼	—	—	—	—	—	—
Two years	—	12-12½	13¼	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice; others seven days' fixed. * Long-term local authority mortgage rate nominally three years 13½-14 per cent.; four years 14-14½ per cent.; five years 14-14½ per cent. ϕ Bank bill rate in table is buying rate for prime paper. Buying rate for four-month bank bills 9 15/16 per cent.; and four-month trade bills 10½-11½ per cent. Approximate selling rate for one-month Treasury bills 9½-9 5/16 per cent.; two-month 9½-9 5/16 per cent.; three-month 9½-9 13/32 per cent. Approximate selling rate for one-month bank bills 9½-9⅝ per cent.; for two-month 9 9/16 per cent.; and three-month 9⅝ per cent.; for one-month trade bills 10¼-10⅝ per cent; two-month 10½-11 per cent.; and three-month 10½-11 per cent.

Finance House Base Rate (published by the Finance Houses Association): 10½ per cent from May 1. Clearing Bank Deposit Rates for small sums at seven days' notice: 6½ per cent. Clearing Bank Base Rates for lending: 9½ per cent. Treasury Bills: Average tender rate of discount 9.4459 per cent.

Option Report—3-month Call rates

OPTION DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
May 28	Jun. 9	Aug. 28	Sept. 2
Jun. 10	Jun. 23	Sept. 4	Sept. 16
Jun. 24	July 7	Sept. 18	Sept. 30

"Calls" were dealt in AD International, Chubb, ICI, Carless Capel, Land Securities, Ultramar, Rolls-Royce and Goldring. "Puts" were done in J. Coral and Sears Holdings, while "doubles" were arranged in Ultramar, Courtaulds, Carless Capel, Dunlop, Amalgamated Investment Property, National Westminster Bank warrants and Grand Metropolitan.

Industrials						Mines	
		Grand Met.	9	Slater Walker	15		
		G.U.S. 'A'	20	Spillers	7	Anglo Amer.	60
A. P. Cement	20	Guardian	20	Tesco	6	Broken Hill Pty	75
Assoc Leisure	3	G.K.N.	28	Thorn 'A'	20	Cast	9
Barclays Bank	35	Hawker Sidd.	35	Tube Invest.	30	Charter Cons.	22
Beecham	28	House of Fraser	10	Unilever	40	Chart'rh'll Fin.	8
Boots Drug	24	Hudson (Wilms	5	Utd. Drapery	12	Cons Gold	25
Bowaters	20	I.C.I.	24	Vickers	16	De Beers Def.	25
B.A.T.	55	"Imps"	7	Woolworths	6	F. S. Geduld	350
British Leyland	1¼	I.C.L.	7			Great Boulder	12
British Oxygen	6	Inveresk	10	Property		Hampton Areas	15
Burton 'A'	9	Legal & General	17	Cap. Counties	7	Hampton Prop.	4
Cadburys	6	Lloyds Bank	30	E.P.	11	Kloof	140
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	19
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	55
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	55
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	275
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	40
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	55
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	75
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	15
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10

REGIONAL MARKETS

Following the merger last year of U.K. stock exchanges, a selection of the share prices previously shown under regional headings is presented below with quotations on London. Irish issues, most of which are not officially listed in London, are shown separately and with prices as on the Irish exchange.

[illegible]

NEW "HIGHS" AND "LOWS" FOR 1975

Too numerous to name individually the 148 new 1975 "highs" recorded among securities listed in the Share Information Service yesterday are given below in their subsections. There were 2 new "lows."

NEW HIGHS (148)

BRITISH FUNDS (1)
CORPORATION LOANS (6)
AMERICANS (12)
CANADIANS (1)
BANKS (3)
BEERS (3)
BUILDINGS (5)
CHEMICALS (2)
DRAPERY AND STORES (6)
ELECTRICALS (5)
ENGINEERING (12)
FOODS (3)
HOTELS (1)
INDUSTRIALS (34)
INSURANCE (1)
MOTORS (3)
NEWSPAPERS (1)
PAPER AND PRINTING (1)
SHIPPING (1)
TEXTILES (2)
TOBACCOS (1)
TRUSTS (32)
OILS (2)
MINES (10)

NEW LOWS (2)

MOTORS (1)
Airflow Streamline
MINES (1)
Metramar

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	45	1	7
Corpns. Dominion and Foreign Bonds	27	2	42
Industrials	394	258	1,096
Financial and Prop.	185	99	334
Oils	6	9	17
Plantation	3	2	44
Mines	53	34	64
Recent Issues	15	13	28
Totals	728	418	1,632

THE NEW THROGMORTON TRUST LTD.
Capital Loan Stock Valuation—3rd June 1975
The Net Asset Value per £1 of Capital Loan Stock is Nil.
Securities valued at middle market prices.

BASE LENDING RATES

AFI International	9½%
Allied Irish Banks Ltd.	9½%
Anglo-Portuguese Bank	10 %
Henry Ansbacher	10½%
Banco de Bilbao	9½%
Banco de Jerez	10½%
Bank of Cyprus	‡10 %
Banque du Rhone S.A.	10 %
Barclays Bank	9½%
Barnett, Christie Ltd.	11 %
Bremar Holdings Ltd.	10½%
Brit. Bank of Mid. East	9½%
■ Brown Shipley	10½%
Cayzer, Bowater Co. Ltd.	10½%
Cedar Holdings	11 %
■ Charterhouse Japhet	10½%
C. E. Coates	10½%
Consolidated Credits	12 %
Continental Trade Bk.	9½%
Co-operative Bank	* 9½%
Copleys Bank	11½%
Corinthian Securities	9½%
Credit Lyonnais	9½%
G. R. Dawes	10½%
Duboff Brothers	11½%
Duncan Lawrie	10½%
English Transcont	11½%
First London Secs.	9½%
■ Antony Gibbs	10 %
Goode Durrant Trust	10 %
Greyhound Guaranty	9½%
Grindlays Bank	10 %
■ Guinness Mahon	10½%
■ Hambros Bank	9½%
Hawtin & Partners	13 %
■ Hill Samuel	§10 %
C. Hoare & Co.	† 9½%
Julian S. Hodge	10½%
Industrial Bank of Scot.	9½%
Jacobs, Kroll	11½%
Keyser Ullmann	10½%
Kingsurst Securities	12 %
Lloyds Bank	9½%
London & European	11½%
London Mercantile	11½%
Midland Bank	9½%
■ Samuel Montagu	9½%
■ Morgan Grenfell	9½%
Morris Wigram Ltd.	11½%
National Westminster	9½%
Northern Comm. Trust	11½%
Norwich General Trust	10 %
Portman Guaranty	11 %
P. S. Refson & Co.	9½%
Rossminster Accept'cs.	9½%
Royal Trust of Canada	10½%
E. S. Schwab	11½%
Security Trust Co. Ltd.	11 %
Shenley Trust	11½%
Standard & Chartered	9½%
Sterling Credit	12 %
Stewart Salmon & Co.	9½%
Thames Guaranty	12 %
Trade Development Bk.	9½%
Twentieth Century Bk.	11½%
United Bank of Kuwait	9½%
Wallace Brothers Bank	10½%
Whiteaway Laidlaw	10 %
Williams and Glyn's	9½%
Yorkshire Bank	9½%

■ Members of the Accepting Houses Committee.
* 7-day deposits 6½%, 1-month deposit 6¾%.
† 7-day deposits on sums of £10,000 and under 6½%, up to £25,000 6¾% and over £25,000 7½%.
‡ Deposit Base Rate 9½%.
§ Demand deposit 7½%.

I.G. INDEX
GOLD 164½-167½

CORAL INDEX
Close 351-356

INSURANCE BASE RATES

† Atlantic Assurance ... 11½%
Cannon Assurance ... 9 %
† Address shown under Insurance and Property Bond table.

INSURANCE, PROPERTY, BONDS

Life Assur. Co. of Pennsylvania
39-42, New Bond St., W1Y 0RQ. 01-493 8395
LACOP Units 778 817 ...... —

Lloyd's Life Assurance Ltd.
12, Leadenhall St., EC3M 7LS. 01-623 6621

♥Mlt.GthFdMay5	1.36409		......	—
♥Opt4EqFdMay23	95.1	100.2	......	—
♥Opt4Prop.May10	102.8	108.1	......	—
♥Opt4HiYd My 23	108.1	113.8	......	—
♥Opt4MnFdMy 23	104.6	110.2	......	—

Royal Insurance Group
1, North John St., Liverpool. 051-236 5822
Royal ShieldFpod 91.7 97.0 −0.8 —

Save & Prosper Group
4, Gt. St. Helen's, London, E.C.3. 588 1717

♥Balanced Inv. Fd	93.2	98.2	+0.4	—
♥**Property Fnds	105.8	111.4	......	—
*Deposit Fund	103.7	109.2	+0.1	—
Equity Pension Fd	110.2	116.0	+0.7	—
***Pr'p Pens Fund	117.5	123.6	......	—
‡Comp'y Pens Fnd	125.9	132.6	......	—

[illegible]

F.T.—ACTUARIES SHARE INDICES

These indices are the joint compilation of The Financial Times, The Institute of Actuaries and The Faculty of Actuaries

[illegible]

Owing to mechanical difficulties with the computer, the indices were not available when this edition went to press.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1975 high	1975 low
ICI	£1	16	287	−3	290	118
Barclays Bank	£1	13	310	+3	310	112
Inchcape	£1	11	382	−16	422	150
Midland Bank	£1	11	276	+4	305	122
Nat. Westminster	£1	11	255	+8	255	88
Beecham	25p	10	303	−5	308	116
Boots	25p	10	261	+1	276	91
BATS	25p	9	330	−5	337	164
Glaxo	50p	9	425	−3	428	193
Prudential 'New'	Nil/pd.	9	22*	+6	25*	14*
Shell Transport	25p	9	327	−2	341	118
Ultramar	25p	9	208	+10	212	65
Sun Alliance 'New'	Nil/pd.	8	109*	+4	130*	98*
Unilever	25p	8	398	+4	402	170
Brown (J.)	£1	7	77	−41	120	46

The above list of active stocks is based on the number of bargains recorded yesterday in the Official list and under Rule 163(1) (e).
* Premium.

Guinness record book in 'Colonialism' row

BY VICTOR MACKIE — OTTAWA, June 3.

PUBLISHER Mel Hurtig says he is asking the Federal Government to prevent the loss of Canadian distribution rights to the Guinness Book of Records, sales of which account for 20 per cent. of Hurtig Publishers' revenues.

From January 1, 1976, American continental distribution rights will be exclusive to Sterling Publishing Co., of New York, Mr. Hurtig said.

The decision by the Board of Guinness Superlatives Ltd. is a "typical example of the way Canada is treated by the British, a very colonial thing to do," he added.

"It underlines once again the fact that Britain and the U.S regard Canada still as nothing more than an extension of their own domestic market," he said.

Hurtig Publishers has controlled sales of the British edition of the record book for nine years, during which sales have increased from 1,000 to an estimated 60,000 this year.

Mr. Hurtig, former chairman of the Committee for an Independent Canada, said the rising sales have provided seed money for at least four new Canadian books.

He said the loss affects the whole structure of his company. He has told Secretary of State Hugh Faulkner it is the loss to Canadian writers and readers and the damage to Canadian publishing generally that is important.

Australian sperm whales catch rises

By Our Own Correspondent

AUSTRALIA'S ONLY remaining whaling station last year caught 1,079 sperm whales out of a total quota allowance of 1,397.

Cheynes Beach Whaling Company, which operates from the South-West coast, has been the country's sole whaling operation since 1963. In 1965 it caught 587 sperm whales and has steadily increased its catch ever since. Last year's catch included 450 females. Until 1972 the taking of females had been prevented by a 10.7-metre size limit but this has since been reduced to 9.14 metres.

The International Whaling Commission's southern hemisphere quota for sperm whales is 13,000, a figure considered low enough to maintain stocks at about 350,000.

WALL STREET + OVERSEAS MARKETS + CLOSING PRICES

Profit-taking checks recent advance

BY OUR WALL STREET CORRESPONDENT

NEW YORK, June 3.

PROFIT-TAKING erased opening gains on Wall Street to-day, checking the recent sharp advance, and the general trend was mixed.

By 1 p.m. the Dow Jones Industrial Average came back 2.12 to $844.49, after $848.17, while the NYSE All Common Index was up 1 cent at $49.19 following a further 11 cents rise to $49.20. Trading volume decreased 1.65m. shares to 15.05m., compared with 1 p.m. yesterday.

The Government's optimism *about the economic outlook for* the second half of the year continued to be one of the chief reasons for the stock market's opening strength.

Yesterday, Administration economist Alan Greenspan said there is clear evidence recessionary forces are spent and that once the economy got moving, the momentum might be greater than expected.

Many investors were encouraged by signs that peace talks might resume soon in the Mid-East following the Ford-Sadat meeting and Israeli troop pullback in the Sinai.

Oils and related issues were higher, while Gold Mines also rose.

Polaroid eased $1 to $32¼. Late yesterday, **Bell and Howell**, unchanged at $18¼, said it had filed a $20m. suit in the U.S. District Court in Chicago against Polaroid. The three count complaint alleges that Polaroid failed to pay bills, meet other obligations and breach of written agreements. All related to Bell and Howell's design and development of equipment for a Polaroid instant motion picture system.

G. D. Searle, the most active stock, fell $2 to $21½—it said the Food and Drug Administration at its June 10 meeting will discuss the marketing, labelling and instructions for use of its anti-hypertension drug aldactone.

Closing prices and market reports were not available for this edition.

OTHER MARKETS

Canada firm

Gains were in the majority in light trading on Canadian Stock Markets yesterday morning.

The Industrial Share Index firmed 0.01 to 188.01. Golds 0.55 to 308.01. Base Metals 0.27 to 74.50, Western Oils 0.14 to 130.28 and Banks 0.10 to 263.21. But Utilities lost 0.50 to 131.57 and Papers shed 0.28 to 110.90.

PARIS—Steady to mixed in moderate trading. While operators were encouraged by continuing Institutional buying and the recent strength of Wall Street, there was a wait-and-see attitude regarding general expectations that the measures to be announced by Finance Minister Jean-Pierre Fourcade may include a Price Freeze.

Banks, Portfolios and Fonds were steady, but Constructions and Oils were dullish, while Chemicals were strong.

U.S. stocks fell back a little but Germans, Dutch and Belgians were all firm. Gold Mines were steadier, Foreign Oils well maintained, while Coppers were narrowly lower.

AMSTERDAM—Market continued firmer, with **Hoogovens** and **Royal Dutch** leading Dutch Internationals higher.

KLM were lifted Fls.5.60 to Fls.60.40 on the States' proposed financial injection by taking fresh Preferential shares.

Plantations were mixed, while **Scheepvaartunie** firmed against a generally weaker trend in Shippings. Banks and Investment Funds were all firmer, and Insurances edged higher.

BRUSSELS was generally firmer in moderate trading following Wall Street's overnight sharp gain.

Local gains included **Sofina, UCB, Vieille Montagne, Cockerill, FN, Wagons Lits and Arbed. CBR** were weak.

Foreign issues were also firmer, except mixed U.K. issues, with golds rising. All three Petrofinas were little changed.

GERMANY—Prices strengthened up to Dm.8, or more, in narrow markets, following the overnight rise on Wall Street and continued Foreign and Domestic professional buying.

Leading Banks, Stores, Motors and Machinery shares were up to Dm.8 higher, led by **BHF, Horten, BMW** and **Linde**. In Electricals, **BBC** gained Dm.11 and **Siemens** Dm.5.9. **BASF**, up Dm.2.2, led Chemicals higher, while **Bayer** rose Dm.1.5 despite short-time plans. Among Steels, **Mannesmann** were lifted Dm.8.

Public Bonds gained up to Dm.0.20, and the Authorities again sold a nominal Dm.3m. of stock back to the market. Some Mark Foreign Loans rose slightly.

SWITZERLAND. — Markets turned mixed in selectively active trading, with small losses predominant in most sectors.

Banks fluctuated narrowly, while Financials and Insurances generally declined. **Juvena Bearer** weakened under sustained selling pressure, and **Oerlikon-Buehrle** lost an initial gain to close lower.

In the Foreign Sector, Dollars stocks tended narrowly mixed in a fairly active turnover.

COPENHAGEN — Narrowly mixed in very active dealings.

OSLO—Bankings were steady, while Insurances, Industrials and Shippings were weaker.

VIENNA — Market continued quietly steady in uneventful trading.

MILAN. — Mixed after the long weekend, with forthcoming regional elections and Bank of Italy Governor Guido Carli's intended resignation making for cautious trading.

Olivetti privileged gained after 1974 results although the Ordinary were unchanged.

TOKYO—Market firmed for the first time in six trading sessions, with the advance reflecting recent gains on Wall Street and also in London. Volume 150m. (130m.) shares.

Blue Chips led the rise with dealers welcoming reports that Bank Rate may be cut half a point on June 7. Optimism regarding the Middle East situation was an added boost to the Stock Market.

Individual firm spots included **Sony, Pioneer, Matsushita Electric, Shiseido and Honda.**

HONG KONG — Generally higher in sharply increased trading.

Hong Kong Bank were up 40 cents to $HK15.50, **Hong Kong Land** 15 cents to 7.00, **Hutchison** 5 cents to 2.35, **Jardine** 30 cents to 25.00, **Hong Kong Electric**, 5 cents to 3.50 and **Hong Kong and Kowloon Wharf** 20 cents to 12.00.

Johannesburg—Gold shares recovered earlier losses and closed steady in a small turnover.

Financial minings were little changed, while Platinums were easier after **Bishplats** and **Impala's** omitted dividends.

AUSTRALIA — Generally firm. Leading Industrials advanced strongly with **BHP** rising 8 cents to $A7.12 and **CSR** moved up 15 cents to $A4.70.

Minings were higher, reflecting the slight recovery in London Base Metal prices and the rally in the Hong Kong gold price.

Strong overseas interest continued in **MIM**, up 8 cents to $A2.23, and **WMC** which added 3 cents at $A1.93.

Queensland Mines rose 5 cents to 90 cents.

Slight £ fall

Sterling lost a little ground against major currencies in general in the foreign exchange market yesterday, with its trade-weighted average depreciation against ten leading units since the Washington Currency Agreement of December, 1971 (as calculated by the Bank of England), widening to 24.7 per cent., from Monday evening's 24.6 per cent., and also standing at 24.7 per cent. in early dealings and at noon. In terms of the U.S. dollar, the pound gained a small amount, however, rising ten points on the day to $2.3200-$2.3210. Business was moderate, with the dollar easing against most leading currencies over the day. The pound opened at $2.3175-$2.3185, but reached $2.3205-$2.2315 before long, and touched $2.3245-$2.3255 at its highest of the day, in the afternoon. The release of the U.K. official reserves figures for May was followed by a slight temporary set-back for sterling, which had stood at $2.3238-$2.3243 just before their publication, and reached $2.3222-$2.3227 shortly afterwards, but the connection between the figures and the rate movements was tenuous, with the day's peak for sterling touched after the figures had been announced. The dollar's trade-weighted average depreciation against 14 units since the Washington Agreement (as calculated on noon rates in New York by Morgan Guaranty) widened a little, to 7.13 per cent., from Monday's 7.09 per cent., while sterling's depreciation on a similar basis widened to 30.09 per cent., from 29.88 per cent.

The French franc, which has moved over a wide range in recent days, was stronger on balance against the dollar, ending in London at Frs.4.0037½, against the previous Frs.4.0340.

Gold recovered $2¾ an ounce of the previous day's $5¼ loss in London, to end at $164¾-165¾. Business was moderate, with the market *settling down following* its erratic fluctuations the previous day, based on the news that the U.S. authorities are to auction 0.5m. ounces of gold on June 30. The metal opened at $164-164, with earlier movements in Hong Kong apparently having an impact, and though $163¾-164¾ was touched in early dealings, the closing level was the highest of the day.

The Krugerrand fell back in places to a premium of 18 per cent. over its gold content in domestic business, against 20¾ per cent. previously, but in international dealings its premium rose to 3⅛ per cent., from 3⅛ per cent.

GOLD MARKET

	June 3 1975	June 2 1975
Gold bullion (a fine ounce)		
Close	$164¾-165¾	$162-163
Opening	$164-165	$162½-164
Morning fixing	$164.50 (£70.795)	$163.25 (£70.609)
Afternoon fixing	$165.25 (£71.087)	$161.75 (£69.777)
Gold coins domestically		
Krugerrand	$194-196 (£83½-84½)	$195-197 (£84-85)
New sov'reigns	$59-61 (£25½-26½)	$58-60 (£25-26)
Old sov'reigns	$58½-60½ (£25¼-26¼)	$56½-58½ (£24½-25½)
Gold coins int'rn'l'n'ally		
Krugerrand	$169½-171½ (£73-74)	$166½-168½ (£71¾-72¾)
New sov'reigns	$50½-51½ (£21¾-22¼)	$50-51 (£21½-22)
Old sov'reigns	$50-51 (£21½-22)	$49½-50½ (£21¼-21¾)
$20 Eagles	$243-248	$240-245
$10 Eagles	$110-125	$117-122
$5 Eagles	$90-96	$85-90

FOREIGN EXCHANGES

June 3 1975	Bank Rates %	Day's Spread	Close
New York	6	2.3175-2.3255	2.3200-2.3210
Montreal	8½	2.3795-2.3895	2.3820-2.3840
Amsterdam	6	5.54-5.56½	5.54¾-5.55¾
Brussels	8½	80.35-81.35	80.95-81.15
Copenh'gen	8	12.58-12.64	12.60¾-12.61¾
Frankfurt	4½	5.41-5.43½	5.41½-5.42½
Lisbon	6½	56.00-56.50	56.20-56.40
Madrid	7	129.00-129.60	129.20-129.40
Milan	7	1,443-1,446	1,445-1,446
Oslo	5½	11.37-11.41	11.37-11.38
Paris	10	9.28-9.31	9.28-9.29
Stockholm	7	9.06-9.10	9.05-9.07
Tokyo	9½	670-690	674-676
Vienna	6	38.20-38.60	38.50-38.60
Zurich	4½	5.76-5.79½	5.76½-5.77½

* Basic discount. † Rates given are for convertible francs; closing financial franc 82.45-82.55.

Indices

NEW YORK

DOW JONES AVERAGES

	Close	Home Bond	Indust.	Trans.	Util.	Trading vol. 000's
June 2	67.55	[illegible]	846.41	[illegible]	80.71	26,040

1975	Home Bond	Indust.	Trans.	Util.	Trading vol.
High	67.52	174.12	858.78	81.96	—
Low	65.16	149.47	632.04	72.62	—

IND. DIVIDEND YIELD p.c.

May 30	May 23	May 31, 1974
4.63	4.65	4.58

N.Y. SE ALL COMMON INDEX

December 31, 1965=50

1975 High	1975 Low	June 2	M'y30	M'y29	M'y28	M'y27
49.15	37.06	49.19	48.46	47.67	47.66	47.57

RISES AND FALLS

Issues traded	Up	Down	Unchanged
1,844	1,105	389	350

	June 2	M'y30	M'y29	M'y28	M'y27
New Highs	251	149	79	124	126
New Lows	6	7	6	8	4

AMERICAN SE MARKET VALUE INDEX

Starting base 100 Aug. 31, 1973.

1975 High	1975 Low	June 2	M'y30	M'y29	M'y28	M'y27
89.50	62.20	89.50	88.38	87.55	87.49	88.16
Volume 000's		5,690	3,575	2,500	2,710	2,050

U.S. STOCK INDICES STANDARD AND POORS

	*Industrials	*Composite
June 2	104.27	92.55
May 30	102.65	91.15
29	100.95	90.05
28	101.06	89.71
27	101.82	90.34
23	102.12	90.58
22	100.72	89.39
1975 High	104.27	92.76
1975 Low	77.71	70.74

* 425 Industrials, † 500 Industrials, 50 Utilities, 25 Rails.

STOCK AND BOND YIELDS

	May 29 1975	May 22 1975	May 29 1974
Ind. Ord. yield p.c.	3.73	3.76	4.25
Ind. Ord. p/e ratio	10.47	10.30	11.07
Long-term Gov. Bds. per cent	6.95	6.79	6.65

MONDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Searle G.D.	452,300	21¾	-2½
Occidental Petrolm.	420,500	19	-¼
Teleprompter	358,700	5¾	-⅛
Levitz Furniture	292,500	5¼	-⅛
Std. Oil California	272,100	70½	-1
Gulf Oil	258,850	20¾	-¼
Holiday Inns	250,900	12¾	+¼
Chrysler	211,000	11	-⅛
Occidental Pet. Wts.	195,000	10	-½
Polaroid	184,400	33¼	+1

TORONTO

INDUSTRIAL INDEX

June 2	May 30	1975 High	1975 Low
188.00	186.92	189.64 (14/5)	159.41 (2/1)

MONTREAL

INDUSTRIAL INDEX

June 2	May 30	1975 High	1975 Low
196.65	194.77	197.93 (14/5)	159.95 (2/1)

COMBINED INDEX

June 2	May 30	1975 High	1975 Low
190.82	188.94	191.02 (14/5)	155.02 (2/1)

JOHANNESBURG

	June 3	June 2	1974-75 High	1974-75 Low
Industrials	204.3	204.5	210.3 (17/2)	183.0 (23/1)
Golds	306.2	305.4	379.1 (2/1)	295.2 (15/4)

1958=100. Source: Rand Daily Mail. * 1974.

MELBOURNE YIELDS

Wage yield on 50 Leading Stocks	May 29	May 22	May 15
On Dividends	7.15	7.58	7.65
On Earnings	13.67	14.44	14.50

SYDNEY ALL ORD. INDEX

June 3	June 2	High 1975	Low 1975
379.65	375.73	379.65 (3/6)	285.88 (9/1)

TOKYO NEW SE INDEX

Base=100 January 4, 1968.

June 3	June 2	High 1975	Low 1975
322.26	321.82	332.95 (22/5)	268.24 (10/1)

HONG KONG INDEX ●

June 3	June 2	High 1975	Low 1975
328.19	325.41	336.25 (21/5)	160.42 (9/1)

SINGAPORE INDEX §

June 2	May 30	High 1975	Low 1975
236.48	240.11	266.69 (11/5)	155.26 (2/1)

EUROPE

	June 3	Previous	1975 High	1975 Low
Belg'm (a)	110.76	110.06	111.21	84.01
Denm'k (b)	90.03	90.05	90.62 (22/5)	75.06 (15/1)
France (c)	67.1	67.1	72.6	51.70
Germ'y (e)	621.1	634.2	725.1	[illegible]
Holland (f)	101.8	101.1	107.5	85.8
Italy (g)	97.96	98.59	[illegible]	[illegible]
Spain (h)	105.73	105.58	113.22 (22/4)	96.98 (10/1)
Sweden (k)	367.24	364.64	376.25	[illegible]
Switz'rl'd	289.1	271.2	286.1 (6/5)	[illegible]

Indices and base dates (all base values 100):—(a) Belgian S.E. 31/12/63. (b) Copenhagen S.E. 1/1/73. (d) Paris Bourse 1961. (e) Commerzbank December, 1953. (f) Amsterdam Industrial 1970. (g) Milan General 2/1/73. (h) Madrid S.E. 31/12/74. (k) Stockholm Industrial 1/1/58. (m) Swiss Bank Corp. 31/12/58. (n) Unavailable. ● Hang Seng Bank 31/7/64. § Straits Times 1966. (c) Closed. * Adjusted.

EURO-CURRENCY INTEREST RATES*

June 3 1975	Sterling	U.S. Dollar	Canadian Dollar	Dutch guilder	W.German mark	Swiss franc
†Short term	8¼-9¼	5¼-5¾	3½-4½	2-3	4⅛-4⅜	1¼-2¼
7 days notice	9½-10¼	5⅝-5⅞	6½-6½	3-4	4⅝-4⅞	1½-1⅞
Month	10-10¼	5⅝-5⅞	7⅛-7¾	3-3¼	4⅝-4⅞	3-3¼
Three months	10⅝-11⅛	5⅞-6⅛	7¼-7½	4-4¼	4⅝-4⅞	3⅝-3⅞
Six months	11⅛-12⅛	6¾-7¼	7⅝-7⅞	5-5½	5⅛-5⅜	4⅝-4⅞
One Year	12¼-13¼	7⅛-7⅝	7¾-7⅞	5⅛-6⅛	5⅞-6	5⅝-6

Euro-French deposit rates: one-month 9¼-9½ per cent.; three months 9¼-9½ per cent.; six months 7¾-8 per cent.; one year 9¼-9½ per cent.

Long-term Eurodollar deposits: two years 8¼-8½ per cent.; three years 8¼-8½ per cent.; four years 8¼-8½ per cent.; five years 8¼-8½ per cent.

The following nominal rates were quoted for London dollar certificates of deposit: one month 5¾-5⅞ per cent.; three months 6⅛-6¼ per cent.; six months 7⅛-6½ per cent.; one year 7¼-7½ per cent.

* Rates are nominal closing rates.

† Short-term rates are call for sterling, U.S. dollars and Canadian dollars and two-days' notice for guilders and Swiss francs.

EXCHANGE CROSS-RATES

OVERSEAS SHARE INFORMATION

Investment premium based on $2.60 per £1—102¼% (109%)

NEW YORK

CANADA

GERMANY ◆

AMSTERDAM

AUSTRALIA

VIENNA

JOHANNESBURG

TOKYO ◆

PARIS

BRUSSELS

STOCKHOLM

MILAN

SWITZERLAND ◆

OSLO ◆

SPAIN ▼

COPENHAGEN

STOCK EXCHANGE REPORT

Sharp reaction in John Brown exaggerates dull trend

Share index down 7.5 at 350.6—Golds steadier

Account Dealing Dates

*First Dealings	Declarations	Last Dealings	Account Day
May 5	May 15	May 16	May 28
May 19	May 29	May 30	Jun. 10
Jun. 2	Jun. 12	Jun. 13	Jun. 24

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

The call for a national railway strike by the NUR set the seal for a dull day in equity markets yesterday after Monday's bout of buying enthusiasm which was based on hopes of a convincing "Yes" vote in to-morrow's EEC Referendum. Industrials opened rather nervously and around noon a fair amount of loose stock came out, but as the day wore on prices of the leaders, often more than recovered earlier losses, which ranged to around 5, and by the close were no worse than mixed. The FT 30-share index closed 7.5 down at 350.6, but no less than 5.1 of the fall was accounted for by the slump of 41 to 77p in John Brown following the company's omission of a final dividend payment.

Other pointers to the relatively mild reaction in equities generally are that 15 of 18 index constituents which fell on the day lost 3p or less and that, overall, rises in FT-quoted Industrials outnumbered falls by 3-2. Although activity picked up a little—official markings of 7,721 compared with 6,295 on Monday and 6,750 a week ago—most of the interest was professional.

Gold shares made a much steadier showing after Monday's setback on the proposed further U.S. gold auction and the Gold Mines index ended 3.2 better at 413.2.

Gilts improve

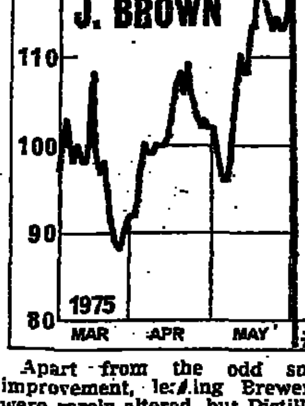
A further small increase in Gilt-edged values was supported by hopes of pending cuts in U.S. prime rates, although Treasury bill rates there hardened slightly on Monday. The improvement was made in extremely quiet trading ahead of to-morrow's referendum with the shorts showing gains to 1/16 despite occasional switching into the long "tap," Treasury 12¾ per cent., 1993, unchanged at 90⅞. The fall in the U.K. Official Reserve figure had no lasting impact on sentiment and medium/longs were finally ¼ to ⅜ higher.

A steady decline in the investment currency premium owed much to the absence of buyers ahead of tomorrow's Referendum, although there was routine selling released by overseas business in Gold shares as well as small institutional offerings. This combination in extremely thin trading conditions finally brought the rate down 6½ points to 102¼ per cent. U.S. stocks presented a further rise of 2¼ to £40¼ in Amax following Standard Oil of California's acquisition of a 20 per cent. stake. Yesterday's SE conversion factor was 0.5479 (0.5385).

Banks dip and rally

Marked a few pence lower at the outset, Home Banks rallied as the day progressed on scattered buying to close quietly firm. National Westminster ended 8 better at 255p, after 245p, for a two-day gain of 22. Midland hardened 4 to 276p and Barclays edged 5 higher to a 1975 "peak" of 310p. Lloyds were unaltered at 245p, after 240p. *Discounts tended* to harden in places. Alexanders picked up 5 more to 220p. In irregular Merchant banks, further small buying in a thin market prompted a fresh rise of 10 to 190p in Leopold Joseph, while Slater Walker hardened 2 more to 84p. A steadier market of late following last Friday's report that a director of the bank had stated that all of its loans to Norwegian shipowners were considered secure, Hambros turned easier, shedding 7 to 153p; sentiment was probably affected by news that Ocean Transport had repossessed their large tanker Titan, from the Norwegian tanker magnate, Mr. Hilmar Reksten, because of non-payment of the £200,000 a month charter hire since May 1.

Most of the interest in Insurances centred around dealings in the Sun Alliance and Prudential "new" nil-paid shares. S.A. "new" came to rest 4 higher at 109p premium with the old closing 13 better at 424p, while Pru "new" put on 6 to 22p *premium; the old improved 2 to* 127p.



Apart from the odd small improvement, leading Breweries were rarely altered, but Distillery shares made a firm showing. Gains of around 7 were recorded in Long John International, 132p, Teacher (Distillers), 172p, and A. Bell, 106p.

Plant Hire issues were popular in Buildings. G. W. Sparrow gained 7 to a 1975 peak of 115p, while Allied Plant ended 2 harder at 23p and Hewden-Stuart 4 better at 55p. Elsewhere, Marley, 81p, and H. and R. Johnson-Richards Tiles, 122p, put on 4 apiece. Magnet Joinery advanced 9 to 155p, but Associated Portland Cement contrasted with a fall of 3 to 152p.

After Monday's rise of 9, ICI reacted in active trading to 285p before closing 3 easier on the day at 287p. Hickson and Welch, ahead *of to-day's interim statement,* were also 3 easier at 237p. Following the recent announcement that Croda International had acquired a controlling stake in Midland-Yorkshire, dealings were suspended yesterday in the latter at 470p at the company's request pending an investigation by the Take-over Panel. It was also announced that trading had been halted in Croda International (69p) at the Take-over Panel's request pending the outcome of the enquiry.

Television Contractors were better where changed, HTV and Trident "A" both finishing a *penny harder at 21p and 21½p* respectively.

Marks & Spencer active

After opening higher at 246p, Marks and Spencer retreated in active two-way trading to 240p before closing unchanged on the day at 242p. Vernon Fashion hardened 2 to 45p on the increased earnings and Fairdale Textiles closed a shade firmer at 26p on further consideration of the results and proposed scrip issue. Allied Retailers were popular at 68p, up 6, while Wearwell, 56p, and Dewhirst, 54p, put on 3 and 5 respectively. A. G. *Stanley were quoted ex the scrip* issue at 70p. Martin the Newsagent lost 5 to 138p following Press comment on the interim results. B. Paradise were also dull at 21p, down 3, on the profits setback. In Shoes, Church receded 5 to 115p.

Thorn Electrical, still benefiting from week-end Press comment, moved further ahead, the Ordinary and "A" both closing 10 to the good at the common level of 162p. United Scientific hardened 1½ to 48½ in response to the increased interim dividend and higher profits, while Normand Electrical and Comet Radiovision put on 4 and 5 respectively to the common price of 37p. Among the leaders, EMI, at 189p, gave up 3 of the previous day's rise of 8. Dealings were temporarily suspended yesterday in Pye (Ireland) (53½p) at the company's request pending clarification of the position of the company.

John Brown had a disastrous day on news of the contract losses and passing of the final dividend. Inquiries before the official start of trading were actually higher than the opening level of 85p-90p and even this subsequently faded to 76p before a close of 77p, a net loss of 41. In contrast, many other Engineerings gained ground, Ash and Lacy rising 5 to 137p, Wolseley-Hughes gaining a similar amount to 92p and Martonair 4 to the good at 157p. The leaders eased initially but rallied to close marginally higher in places. Laird, however, slipped 4 to 45p on the projections of a downward trend in profits this year. Trading news stimulated Elswick-Hopper, 1½ better at 11½p, and East Sussex, up ½ more at 17½p.

Leading Foods closed with modest losses. Tate and Lyle at 259p, gave up 4 of the previous day's rise of 11, while Spillers were 1½ easier at 43p as were Unigate at 51½p. *A. J. Mills ended a penny harder at 62p following the interim statement.*

Reo Stakis attracted buyers and rose 3 to a 1975 peak of 21½p.

De La Rue please

After Monday's firm start to the new Account, the miscellaneous Industrial leaders traded more cautiously yesterday. Marked a couple of pence lower at the outset following the NUR strike call, prices drifted further only to rally in the afternoon to close mixed. After extremes of 431p and 423p, Glaxo came to rest 3 easier at 425p, while Beecham shed 5 to 303p. Turner and Newall, however, ended 3 better at 132p, and Unilever closed 4 up *at 398p. De La Rue featured the* proceedings elsewhere when much-better-than-expected preliminary results brought about a jump of 16 to a 1975 "high" of 188p. The chairman's bullish AGM statement helped Hestair rise 6 to 87p, and increased interim dividend and higher profits left J. H. Fenner 2 dearer at 125p. Improvements of 9 and 10 respectively were seen in J. Coral, 109p, and Siebe Gorman, 143p, and the Australian Broken Hill Proprietary added 20 to 775p. Dealings in Rosedale Industries, 5p, were suspended at the company's request pending clarification of the company's financial position.

Apart from Dunlop, a penny lower at 52p, and Lucas Industries, 2 off at 112p, Motors and kindred issues were quietly firm. Associated Engineering were fairly active, the old shares gaining 2½ to 57½p and the new nil-paid rising a like amount to 15p premium. Caffyns improved 2 to 57p ahead of results expected June 16. T. Cowie put on 3 to 22p in a thin market.

Paper/Printings were enlivened late by a sharp advance of 17 to 173p in McCorquodale in response to excellent interim results. *Lower profits, however, brought* Culter Guard Bridge down 3 to 21p and Bibby and Baron back 1 to 42p. Despite news of improved trading in the first four months of the year, Thomson eased from a 1975 "high" of 205p to close 2 down on balance at 202p in Newspapers, while Gordon and Gotch, in Publishers, were lowered 5 to 53p.

MEPC weaken again

Eleventh-hour nervousness about MEPC's interim results, due to-day, unsettled Properties bringing a fresh fall of 9 to 145p in MEPC and a loss of 6 to 186p, after 184p, in Land Securities. English lost firmness at 87½p, down 2½, but the reaction elsewhere was limited. Regional "A" gave up 4 at 47p and Great Portland were similarly lower at 218p. Talk of possible liquidity difficulties affected Town and Commercial, 3½ cheaper at 17p, after 16p; the 6¾ per cent. Convertible, 1983, fell 6 points to £19, after £18.

Oils fluctuated in two-way trading before closing on an irregular note. British Petroleum made a fresh peak for the year of 525p prior to settling a net 4 higher at 522p, while Shell ranged between 332p and 326p before ending 2 easier on the day at 327p. Later rumours of an unlocated oil find took Ultramar up 10 to 208p, after 212p.

Trusts and Financials made a mixed showing. Inchcape were *sold down further to 382p, for a* fresh fall of 16. Rothschild, on the other hand, rose 8 to 420p and Colonial Securities Deferred picked up 10 to 190p.

In front of to-day's interim results, P & O Deferred edged forward 1 to 115p. Elsewhere in shippings, news that the Panamanian concern had increased its *stake and now holds over 18 per* cent. of Reardon Smith Ordinary share capital failed to move the latter, which closed unaltered at 440p.

Textiles closed with scattered irregular movements. Courtaulds cheapened 2 to 132p, while elsewhere, Scott Robertson were noteworthy for a loss of 3 at 15p in belated response to last Thursday's sharp fall in profits.

A slightly easier trend in Tobaccos left Bats 5 off at 330p and Imps 2 cheaper at 58p.

In Plantations, Peacock Sasini were opened 3 higher at 25p as the result of a buying order late on Monday.

Golds steadier

The recovery in the bullion price following Monday's setback on the news of a second U.S. Treasury auction of the metal in June prompted a rally in gold *share prices. The upward move*ment, however, was limited by a fall in the investment dollar premium which resulted in prices ending the day showing only a modest upturn. The Gold Mines index, at 413.2, recouped 3.2 of the previous day's 19 point loss, and bullion ended the day $2.75 up at $165.25 per ounce.

In the heavyweights, West Drie (£52¼) and Western Holdings (£39¼) were both around a point higher while Marievale put on 20 to 510p.

Bishopsgate Platinum were 4 off at 86p although the passing of the third quarter dividend was expected. Transvaal Consolidated Land were quoted at £14¼ following the lifting of the dealings' suspension on news that the proposed take-over of Witbank Colliery will not now take place.

The feature of a quietly mixed Finance section was Selection Trust which put on 35 to a year's high of 660p; the company holds 11.6 per cent. of American Metal Climax which rose £2¼ to £40¼ following news that it will receive $333m. by way of a share deal with Standard Oil of California.

Otherwise, in front of the increased full year's results Charter eased 2 to 178p. Anglo American fell 5 to 505p. Silvermines gave up 5 at 73p following the chairman's comments on the possible demand on funds of the Irish offshore oil exploration interest.

Coppers reflected the recent easiness of the metal price with Minorco giving up 15 at 270p and Roan Consolidated falling 20 to 320p. Despite the lower premium Australians held steady in quiet trading. Tins edged higher with London Tin 3 up at 135p and the group's Southern Malayan adding 7 at 180p. Elsewhere, Murchison gave up 20 at 740p following a similar movement in the Cape price.

FINANCIAL TIMES STOCK INDICES

—	June 3	June 2	May 30	May 29	May 28	May 27	A year ago
Government Secs.	58.25	57.98	57.84	57.90	58.14	57.66	59.53
Fixed Interest	58.15	57.99	57.96	57.95	57.88	57.72	58.33
Industrial Ordinary	350.6	358.1	345.1	348.5	346.6	353.3	280.3
Gold Mines	413.2	410.0	429.0	425.2	430.7	435.7	295.2
Ord. Div. Yld. %	5.67	5.82	6.04	5.94	5.97	5.87	7.09
Earnings Yld. % (full) (a)	17.29	17.54	18.00	18.02	18.10	17.79	18.26
P/E Ratio (net) (a) (b)	8.19	8.18	7.88	7.85	7.81	7.92	7.75
Dealings marked	7,721	6,295	6,340	6,090	6,294	6,750	†5,476
Equity turnover £m.	—	70.29	77.36	71.16	57.89	59.43	54.09
Equity bargains total	—	19,948	19,414	16,816	18,152	17,051	11,205

10 a.m. 453.6. 11 a.m. 351.9. Noon 349.1. 1 p.m. 349.6. 2 p.m. 351.4. 3 p.m. 351.8.

Latest Index 01-246 8026. † Excluding regional exchanges.

(a) Based on 52 per cent. corporation tax. (b) Nil=8.13.

Basis 100. Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. S.E. Activity July-Dec. 1942.

HIGHS AND LOWS

—	1975 High	1975 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	62.54 (20/5)	49.18 (6/1)	127.4 (9/1/35)	49.18 (6/1/75)
Fixed Int.	62.51 (21/5)	50.63 (6/1)	150.4 (28/11/47)	50.63 (6/1/75)
Ind. Ord.	366.9 (20/5)	146.0 (6/1)	543.6 (19/5/72)	49.4 (26/6/40)
Gold Mines	442.3 (22/5)	280.2 (20/1)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

—	June 3	June 2
Daily—		
Gilt-Edged	158.0	115.0
Industrials	256.8	214.5
Speculative	75.4	76.7
Totals	175.7	145.3
5-day Av'r'ge		
Gilt-Edged	127.0	121.0
Industrials	225.1	218.3
Speculative	81.3	85.8
Totals	149.0	144.6

FT—ACTUARIES INDICES

—	June 3	June 2	May 30	May 29	May 28	May 27	A year ago
Industrial Group	—	138.89	135.38	136.87	137.96	140.12	109.77
500 Shares	—	151.70	147.43	148.28	149.91	152.11	118.74
Div. Yield pc.	—	5.78	5.95	5.93	5.86	5.78	6.86
P/E Ratio (net)	—	7.42	7.21	7.19	7.26	7.38	7.15
All Share	—	149.58	145.31	146.46	148.27	150.30	115.44
Consols yield pc.	—	14.73	14.93	14.92	14.92	15.14	13.72

AUTHORISED UNIT TRUSTS

(a) (g) Abacus Arbuthnot Ltd. Yield %
33, Fountain St., M/C. 061-236 9775/8

Giants	33.5	35.8	+0.5	4.30
Giants Accum.	34.9	36.8	+0.5	4.30
Growth Units	30.0	31.8	+0.5	4.30

(a) (g) The Crescent Group Yield %
Crescent Unit Trust Managers Ltd.
4, Melville Cres., Edinburgh 3. 031-226 4931
81, Fountain St., Manchester. 061-236 5685

Crescent Growth	18.7	19.8	+0.5	4.82
Cres. Internat'l.	39.3	42.1	+0.1	2.09

(a) (c) Lawson Securities Ltd. Yield %
63 George Street, Edinburgh. 031-226 3911

Scots Resources*	71.0	76.0	.....	3.70
Accum. Units*	71.9	76.9	.....	3.70
Gilt & Warrent	28.5	30.5	+0.4	1.74
High Yield**	108.4	116.4		13.30

(a) (z) Pearl Montagu T. Mgrs. Ltd. Yield %
114, Old Broad St., EC2P 2YE. 01-588 6464

P & M Growth Fd.	18.6	20.0	+0.1	4.13
(Accum. Units)	20.2	21.8	+0.1	4.13
P&M Income Fd.	22.4	24.1	+0.1	7.14

(a) (g) Slater Walker Tst. Mangmt. Yield %

Assets Trust	52.4	56.1	+0.4	6.69
Capital Acc.	37.1	39.7	+0.3	4.76
Cap. Growth	29.5	31.5	+0.1	5.68
Century	40.0	43.1	+0.4	4.22

[INSURANCE, PROPERTY, BONDS PRICES PAGE 31]

OFFSHORE AND OVERSEAS FUNDS

Albany Management Co. Ltd. Yield %
P.O. Box 1549, Hamilton, Bermuda.
Albany Fd. Ltd. ... $6.10 6.55 +0.89 —

Australian Selection Fund N.V.

Free World Fund Limited Yield %
Butterfield Building, Hamilton, Bermuda
NAV Apr. 30 ... US$152.62 ..... —

G.T. Bermuda Ltd.

Murray Johnstone (Inv. Adviser) Yield %
163, Hope St., Glasgow, C.2. 041-221 5521
*Hope Street Fund US$21.00 ..... —
‡Murray Fund US$6.13 ..... —
*NAV May 15. ‡NAV April 30.

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS (MISCEL)

FOREIGN BONDS & RAILS

U.S. $ DM Prices exclude inv. $ premium

AMERICANS

S.E. List Premium 82¼% (based on $2.3520 per £)

CANADIANS

S.E. List Premium 82¼% (based on $2.3520 per £)

Conversion factor 0.5479 (0.5385)

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER & ROADS

BUILDING INDUSTRY—Continued

CHEMICALS, PLASTICS

CINEMAS, THEATRES AND TV

DRAPERY AND STORES

DRAPERY AND STORES—Continued

ELECTRICAL AND RADIO

ENGINEERING, MACHINE TOOLS

ENGINEERING—Cont.

FOOD, GROCERIES, ETC.

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

هكذا من الأصل

INDUSTRIALS—Continued

1975 High	1975 Low	Stock	Price	+ or –	Div Net	Cvr	Y'ld Gr's	P/E
13½	9	Jacks (Wm)	10	......	—	—	—	—
25	15½	James (John)	22½	......	d8.4	1.1	14.4	8.2
32	20	James (M) 10p	25	......	24.1	ϕ	14.0	ϕ
405	143	J'rdine M. HK$5	402xa	......	§Q10	ϕ	1.4	ϕ
10½	5	Jentique 5p	7½	......	9.6	2.3	9.8	6.9
38	20	John'n & B. 12½p	34	......	d11.7	3.1	6.6	(13.8)
46	20	Johnson Clnrs.	40	......	8.7	1.6	8.4	11.2
329	120	Johnson Mth. £1	329	+6	10.6	4.5	5.0	6.4
41	18	Judge Int.	33	–1	7.6	3.6	8.8	4.9
27	14½	Kalamazoo 10p	25	......	16.2	2.7	10.0	5.7
47	20	Kelsey Ind. 12½p	43xd	......	d19¾	4.7	8.8	3.7
17	9	Kennedy Sm. 10p	16	–½	14.4	1.0	13.8	10.8
850	325	Kershaw (A.) 5p	850	......	240.1	0.7	2.2	(43.7)
190	66	Kleeman	180	......	15.6	4.1	3.3	11.3
39	15	Kode Int.	29	......	4.9	ϕ	6.5	ϕ
59	24	L.C.P. Hlds	56	......	11.2	2.3	7.7	8.3
21	11	L.K. Ind. Inv.	19xd	......	d7.8	ϕ	15.9	ϕ
29	13½	L.R.C. Int. 10p	29	+1	26.7	1.9	14.2	5.1
101	56	Lamson Inds.	84	+1	11	3.5	5.0	8.2
40	30	Lawtex	31	......	18.3	4.2	12.8	2.3
117	48	Lead Inds. 50p	114	......	9.4	5.9	6.3	4.1
40	17	Le Bas (Ed)	38	......	5.5	ϕ	5.6	4.0
40	15	Leboff Fobel 10p	36	......	10.3	ϕ	4.5	ϕ
41	19	Lebus Harris	40	......	8	0.2	7.7	—
21	12	Leigh (L.) 5p	20	......	14.7	5.8	5.7	4.7
71	35	Leisure Car. 10p	70	......	44.2	ϕ	10.2	ϕ
160	59	Lep Group 10p	168	+5	23.6	9.4	2.3	5.6

INDUSTRIALS—Continued

††INSURANCE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPBUILDERS, REPAIRERS

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

TRUSTS—Continued

Finance, Land, etc.

OILS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

EASTERN RAND

FAR WEST RAND

O.F.S.

FINANCE

DIAMOND AND PLATINUM

CENTRAL AFRICAN

AUSTRALIAN

TINS

COPPER

MISCELLANEOUS

1975 High	1975 Low	Stock	Price	+ or –	Div Net	Cvr	Y'ld Gr's
760	360	Cons. Murch. 10c	740	–20	Q130c	2.2	11.3
53½	29½	Laurasia	39	......	—	—	—
19	13	NRD $1	16	......	—	—	—
375	200	Northgate C$1	315	–10	Q65c	1.0	8.9
211	80	R.T.Z.	196	+1	19.9	4.4	3.9
135	47½	Sabina Inds. C$1	103	–2	—	—	—
70	51	Stanford Mines ‖	62	......	—	—	—
£12½	875	Tara Expln. $1	£11⅞	–⅛	—	—	—
75	38	Yukon Cons C$1	65	......	—	—	—

NOTES

Unless otherwise indicated, prices are in pence, denominations are 25p and dividends are in net percentage terms. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures; they are adjusted to corporation tax of 52 per cent. and ACT of 35 per cent. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields, assuming maintenance of net dividends on current rate of ACT, are based on middle prices, are gross and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- ▲ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- • Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents.
- ϕ Figures or report awaited.
- †† Banks and Insurance: reserve allocations may preclude calculation of dividend cover.
- ø Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- ♣ Based on 1973 profits.
- ; Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ✠ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. G Assumed dividend and yield after pending scrip and/or rights issue. H Figures based on prospectus or other official estimates for 1973-74. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

"Recent Issues" and "Rights" Page 20

FINANCIAL TIMES
Wednesday June 4 1975

Tories attack du Cann over EEC

BY OUR LOBBY EDITOR

THE CONSERVATIVES were plunged into their first row over the Common Market yesterday, following advance reports of a speech last night by Mr. Edward du Cann, chairman of the Conservative backbenchers' 1922 Committee.

The Liberals, too, were not without their dramas. Mr. Jeremy Thorpe, the party leader, declared that if there was a massive vote to get out of the Common Market he would withdraw from public life.

The main attention, however, centred on Mr. du Cann. Speaking in his Taunton constituency, the 1922 chairman, who, although not a leading anti-Marketeer, has never voted in Parliament for the principle of the EEC, said there was a real division in the Conservative Party over the Common Market. But for loyalty to the pro-Market leadership, there might even be a majority in the party for withdrawal.

At no point did he advise Conservatives to vote No, but the implication was there. He said he saw the strong Left-wing character of many pro-Marketeers both here and in Europe, including the Italian Communists, as a good reason why loyal Tories should oppose membership.

"Loyalty to one's country should be put above loyalty to one's party," he said.

This was too much for his leader, Mrs. Margaret Thatcher, for whom he had done so much in obtaining her election, and for his former leader, Mr. Edward Heath. Both pointed out, yesterday, that the Conservatives in Parliament had put party interests aside in a free vote and supported the Labour Government on the Market.

In a BBC radio interview, Mrs. Thatcher said that the minority of anti-Market Tory MPs was getting smaller all the time. She instanced Sir Derek Walker-Smith and Mr. Hugh Fraser, who had switched sides because the Commonwealth now clearly wanted Britain to stay in and France had been "doing its best to help Britain."

In her trips around the country she had found only a small and dwindling number of the Party opposed to the EEC.

She did not agree with a questioner that Mr. du Cann was "off his rocker." He was just one of the small number opposed to Britain in Europe. It was not for her to say why he had made his remarks at this time, but she hinted that they have not increased his chances of a post in her shadow Cabinet. She had no immediate front bench appointments in mind, was her non-committal reply to a direct question on this subject.

Mr. du Cann's only support yesterday came from Mr. Ronald Bell, Right-wing Conservative MP for Beaconsfield, Mr. Hugh Simmonds, joint chairman of the Conservatives Against the Treaty of Rome, and Lord Briginshaw, a Left-wing Labour anti-Marketeer.

Mr. Simmonds said the former leadership of the Party consisted of dedicated pro-Marketeers, but the new leadership contained many who were only lukewarm and some who had strong doubts.

Lord Briginshaw condemned "the success of sinister pro-EEC forces in keeping the disaffection of many Conservatives under cover." The victimisation of many anti-Market Tories by the Conservative machine had been disgraceful and un-British, he said.

But Mr. Roy Mason, the Secretary for Defence, said that the majority of Conservatives were Solidly behind Mr. Heath and Mrs. Thatcher on the EEC.

Mr. Eldon Griffiths, Tory spokesman on Europe, said he could not believe Mr. du Cann wished to be the Campbell Adamson of the referendum campaign—a reference to remarks held to be damaging to General Election campaign last year by the CBI's director-general.

An MP influential in Mr. du Cann's election as chairman of the 1922 Committee said he was "shocked" by reports of his speech.

Another Conservative MP, Mr. Charles Irving, said: "It astonishes me that Mr. du Cann, who has played such an important part as chairman in trying to keep the party together under th such disruptive suggestions,' a new leaded, should come out with such disruptive suggestions."

Anti-Marketeers in both parties, however, were delighted with Mr. du Cann's last-minute intervention and hope it will swing a few votes their way.

Saudis will seek U.K. stake in $142bn. plan

By Richard Johns

MAXIMUM U.K. participation is being sought by Saudi Arabia for an ambitious $142bn. 1975-80 Five-Year Plan of which details are to be revealed at a Press conference being given to-day by Mr. Hisham Nazer, Minister of State for Planning.

The expenditure target—which includes appropriations for defence and foreign aid—is said to be based on the assumption that nearly all the Saudi oil revenue from a production averaging 8m. barrels-a-day will be disbursed and that its value will remain roughly constant in real terms.

Strong doubts

Experts on the Saudi economy are expressing strong doubts as to whether even half the sum projected will actually be spent. In particular, they point to the country's shortcomings in administration, infrastructure bottlenecks (especially the inadequate port facilities) and desperate lack of skills and manpower.

The plan envisages the use of no less than 500,000 foreigners, a large proportion of them professional and skilled. The figure compares a Saudi population of little or no more than 5m. which already includes up to 1m. expatriate Yemeni workers.

Education and training are a major preoccupation, with the former known to have been allocated $21bn. Because of manpower deficiencies, it is anticipated that foreign companies will be asked not only to arrange full-scale training programmes, but also to manage industries and services established under contract for many years.

Natural gas

Two major industrial complexes fed by associated natural gas are planned. Jebail on the east (Gulf) coast is to have an iron and steel plant, an aluminium smelter, two refineries, three petrochemical complexes and two urea and nitrogenous fertiliser plants. The one centred around Yanbu on the Western (Red Sea) coast is oil refinery, a large petrochemical complex and a cement works.

Integral to this massive industrialisation programme will be a system for gathering, treatment and transmission of gas, which is to have a capacity of 6bn. cubic feet daily. A 780-mile pipeline is planned from the oil fields on the Gulf to Yanbu.

Air: peace hopes in Heathrow workers' strike

BY CHRISTIAN TYLER, LABOUR STAFF

SHOP STEWARDS will to-day recommend a mass meeting of ground engineers at Heathrow airport, London, to call off their week-old strike.

If the 550 men agree to revised peace terms, British Airways will begin restoring European and U.K. flights from to-morrow morning.

The vote depends on the men's readiness to accept the promise of immediate negotiations on their claim for "flexible working" payment. No cash offer is contained in the formula, worked out by management and trade union officials on Monday.

Dropped

British Airways' European and U.K. services out of Heathrow will remain grounded for the third day running to-day, with a further revenue loss variously estimated at £500,000 to £1m.

Shop stewards at the airport agreed nearly unanimously yesterday to recommend an end to the strike when they heard that BA had dropped its insistence that "flexibility" money (for servicing different types of aircraft, including newly-acquired TriStars) should be confined to the European division fleet maintenance men.

This change represents a victory for the unions, who insisted that any pay claim by a section inside the 11,000-strong engineering and maintenance group of BA workers must be considered in the context of the whole group.

The airline has now agreed that other men can advance claims. But a spokesman said they would have to make "a very good case indeed" to get the same treatment as the engineers on strike.

The strikers, described by one shop steward as not normally militant, had little initial sympathy from many union officials for precipitating an issue which they agreed early this year to take to a working party. But the unions were not prepared to see the airline deal with individual sections inside the official negotiating structure.

Of the 56 grounded aircraft, 29 are in need of servicing—"anything from an engine change to a new light bulb," said BA—but most could be made ready quite quickly to-night or to-morrow.

Overseas division flights (formerly BOAC) and BA flights from other airports remain unaffected.

Rail: move to seek backing of unions

BY JOHN WYLES, LABOUR REPORTER

APPEALS FOR SUPPORT from union leaders in the mining, transport, post office and electricity supply industries are expected to be framed by National Union of Railwaymens' leaders to-day when they meet to draw up plans for the union's first national strike since 1926.

The NUR has set up a special sub-committee to prepare for the strike, which is due to start on June 23. Its first moves will be to seek pledges from other unions that their members will not transport goods normally carried on the railways.

Meanwhile, the Government, the TUC and the British Railways Board were starting to assess yesterday the potential implications of the NUR's strike call issued on Monday after the national executive rejected the rail arbitration tribunal's 27.2 per cent. pay award.

No early moves to break the deadlock are expected from either the Government or the TUC, but BR may well make informal soundings at the NUR to see if there is any basis for further talks.

Having accepted the tribunal's award, the two other rail unions—the Associated Society of Locomotive Engineers and Firemen, and the Transport Salaried Staffs Association—have both asked for a meeting with BR. Their leaders emphasised yesterday that if higher rises are eventually conceded to the NUR, they will expect the same treatment.

The Government's reaction to the strike threat was limited yesterday to a statement on BBC radio by Mr. Fred Mulley, the Transport Minister, who was "extremely disappointed" that the NUR had taken its decision without having more talks with BR. The dispute was "not really" between the Government and the NUR, said Mr. Mulley when asked if he would step in.

But Mr. Bill Wronksley, president of ASLEF and a member of the Communist Party, hinted at a different view of the situation in his opening address in the union's annual conference yesterday. Reviewig the pay negotiations which took place before the dispute was referred to arbitration, Mr. Wronksley claimed that the Prime Minister had virtually instructed BR to take a tough line.

A speech Mr. Wilson made in Taunton indicated that "we were really negotiating with people who were not free to negotiate," said Mr. Wronksley. He claimed that the Prime Minister would haev done better to make sure his Government was introducing the transport policy it was elected to carry out.

Delegates at the ASLEF conference are expected to endorse to-day their national executive's acceptance of the pay award prior to a debate next week on pay resolutions which include a call for the £100 a week train driver.

What made the NUR militant Page 18

NALGO threat to N. East count

UNOFFICIAL ACTION by members of the National and Local Government Officers Association is threatening the referendum count in Durham and Northumberland.

Local NALGO branches are to discuss a motion calling for a boycott of poll station manning in protest at a 21.7 per cent. pay offer.

Although NALGO has given national assurances that the referendum will not be disrupted, members in the north-east say they are prepared to act unofficially.

Union officials in Northumberland argue that despite strong pressure for a ban, this would be difficult to implement. But the more militant Durham leaders say they would be able to organise a boycott if members wanted it.

Rhodesia Africans face split

BY TONY HAWKINS

SALISBURY, June 3.

THE WIDENING split within the African National Council was underlined to-day when Dr. Gordon Chavunduka the Secretary-General, offered to resign rather than work for a disunited party and Joshua Nkomo insisted that the planned aprty congress be held as scheduled on June 21.

Meanwhile, making a major policy statement in the senate Prime Minister Mr. Ian Smith said that the week-end's events in which 11 Africans were shot dead by the police, "brought into sharp focus the difficulties which the government faces in trying to negotiate with people who cannot agree among themselves, and whose disagreements so readily flare up into violence."

Mr. Smith sharply attacked Bishop Muzorewa, president of the ANC for "wild and irresponsible statements" made during his "extended stay overseas." Mr. Smith commented: "When the Bishop returns his colleagues might tell him how they were saeved by the police from the mob."

Mr. Smith again blamed "prevarication and obstruction" on the part of the ANC for the delay in convening a constitutional conference. The Rhodesian Prime Minister denied that he had given an ultimatum to the ANC.

Commenting on the guerilla war, Mr. Smith said that in the spirit of detente, security force operations had been reduced. "I have to admit that as a result, we have lost some of our eralier ascendancy over the terrorists."

In two separate Press conferences to-day, Dr. Chavunduka and Mr. Joshua Nkomo, leader of the former ZAPU, gave conflicting accounts of the present situation within the ANC. Dr. Chavunduka stressed that there were no ideological differences within the umbrella organisation but claimed that a "power struggle" was taking place.

He said that it was not possible to convene a party congress on June 21, partly because two of the groups that joined together last year to form the ANC — ZANU and Frolizi — have said they will not attend.

In contrast, Mr. Nkomo claimed that there were no divisions within the ANC and stated emphatically that he was not involved in any power struggle. ZAPU no longer existed he said—only the ANC.

Bridget Bloom writes: Mr. James Calaghan, the Foreign Secretary, and Bishop Muzorewa, met for over an hour in London during which, according to a brief communique, the British Minister "expressed the hope that the ANC and Mr. Smith would begin immediate substantive talks" on Rhodesia's constitutional future, the "deplorable" events of last Sunday notwithstanding.

Bishop Muzorewa, who was on his way from New York to Salisbury, said at a Press conference that he could not rule out the possibility that "agents provocateurs" were responsible for Sunday's riots.

Weather

U.K. TO-DAY

CLOUDY, rain at times. Mainly dry in Scotland.

London, S.E., N.W. and Cent. N. England, E. Midlands, Lakes

Bright periods, cloudy with rain later. Wind S.W., moderate. Max. 16C (61F).

E. Anglia, E. and N.E. England, Borders

Sunny periods, some rain later. Wind S. or S.W., moderate. Max. 17C (63F).

Cent. S. England, W. Midlands, Channel Is., N. Wales, I. of Man, S.W. Scotland, Glasgow, Argyll

Rain spreading from S.W. Wind S. or S.W., moderate to fresh. Max. 16C (61F).

S.W. England, S. Wales, N. Ireland

Cloudy, rain at times. Wind SW moderate or fresh. Max. 16C (61F).

Edinburgh, Dundee, Aberdeen, Cent. Highlands, Moray Firth, N.E. and N.W. Scotland

Mostly dry, sunny periods. Wind variable, light or moderate. Max. 11C (52F).

Orkney, Shetland

Bright periods, showers. Wind N., light or moderate. Max. 8C (46F).

Outlook: Rain at first, becoming brighter.

Lighting-up: London 21.40, Manchester 22.00, Glasgow 22.23, Belfast 22.22.

BUSINESS CENTRES

	Y'day Mid-day	°C	°F		Y'day Mid-day	°C	°F
Alexandria	S	30	86	Madrid	S	20	68
Amstrdm.	R	9	48	Manchstr.	C	10	50
Athens	S	26	79	Melbourne	C	15	59
Bahrain	S	30	86	Milan	S	18	64
Barcelona	S	18	64	Montreal	C	18	64
Beirut	S	25	77	Moscow	R	9	48
Belfast	F	12	54	Munich	F	12	54
Belgrade	R	17	63	Newcastle	R	8	46
Berlin	C	14	57	New York	C	21	70
Birmghm.	S	13	55	Oslo	C	12	54
Bristol	F	13	55	Paris	F	14	57
Brussels	F	9	48	Perth	C	17	63
Budapest	F	17	63	Prague	C	12	54
B. Aires	S	13	55	Reykjavik	F	6	43
Cairo	S	37	99	Rio de J'o	S	26	79
Cardiff	S	11	52	Rome	S	21	70
Cologne	C	10	50	Singapore	C	30	86
Copnhagn.	R	10	50	Stockholm	F	12	54
Dublin	F	12	54	Strasbourg	S	14	57
Edinb'rgh	R	8	46	Sydney	F	20	68
Frankfurt	R	10	50	Tehran	S	26	79
Geneva	C	12	54	Tel Aviv	S	26	79
Glasgow	C	12	54	Tokyo	C	24	75
Helsinki	C	12	54	Toronto	S	15	59
H. Kong	C	25	77	Vienna	F	17	63
Lisbon	S	21	70	Warsaw	C	14	57
London	S	14	57	Zurich	F	13	55
Luxembrg	R	9	48				

HOLIDAY RESORTS

	Y'day Mid-day	°C	°F		Y'day Mid-day	°C	°F
Ajaccio	S	19	66	Jersey	C	13	55
Algiers	S	22	72	Las Plms.	S	21	70
Biarritz	C	13	55	Locarno	F	19	66
Blackpool	F	12	54	Majorca	S	22	72
Bordeaux	C	16	61	Malaga	S	20	68
Boulogne	S	11	52	Malta	S	21	70
Casablanca	S	19	66	Nairobi	C	20	68
Cape Tn.	S	17	63	Naples	C	21	70
Corfu	S	26	79	Nassau	S	29	84
Faro	S	15	59	Nice	S	19	66
Florence	C	19	66	Oporto	S	16	61
Funchal	S	20	68	Rhodes	S	30	86
Gibraltar	S	21	70	Salzburg	C	14	57
Guernsey	S	14	57	Tangier	S	19	66
Innsbruck	C	13	55	Tenerife	C	13	55
Inverness	S	10	50	Tunis	C	24	75
I. of Man	S	11	52	Valencia	S	21	70
Istanbul	S	29	84	Venice	F	18	64

S—Sunny. F—Fair. C—Cloudy. R—Rain.

Reksten: Damages delay likely

BY FAY GJESTER

OSLO, June 3.

NORWAY'S AKER shipbuilding group is unlikely to secure payment of over £20m. in damages—awarded by an arbitration court yesterday—within the 14 days stipulated. The award was made in a dispute with shipowner, Mr. Hilmar Reksten, over tanker order cancellations.

A spokesman for Reksten has indicated that there might be legal grounds which could enable the shipowner to delay paying the Kr.234m. (£20.3m.).

It is also widely believed that Aker recognises this, and is likely to be flexible in attempting to reach a settlement of its claims. The group's legal representative, Mr. Per Brusvig, said to-day: "How far there is, or is not, cover (for the claims), time will show. Neither I, nor the Aker group, will take any position now until we see how it goes with payment."

A Bergen newspaper said to-day that Reksten would refuse to pay up because the court's judgment was made against him personally and his own Hilmar Reksten Company (a "managing company"): neither have any significant assets.

According to the paper, the Reksten assets are controlled by the family shipping companies—the Hilmar Reksten, Audun Reksten and Johan Reksten shipping companies—which are not affected by the judgment.

While not commenting directly on this report, a spokesman for Reksten, Mr. O. Kval, said it seemed to be clear that it was "only the managing company, and not the other Reksten companies, which are affected by the judgment."

Largest ever

The grand total of yesterday's award amounted to Kr.320m. (£28.2m.) plus costs—one of the largest ever made by a Norwegian court. The dispute concerns four tankers of 420,000 tonnes deadweight each, which Reksten ordered from Aker in 1973 for delivery in 1977/78.

Aker cancelled the contracts last autumn, and said it would seek compensation, because Reksten had not paid the second advance instalment of Kr.86m. on them, due in April 1974. His initial advance payment—also Kr.86m.—is deductible from the Kr.320m. total award, leaving a figure of Kr.234m.

Shipowners in Norway and abroad are reported to be dismayed at the size of the award—Kr.80m. per cancelled vessel—and fear that it may set a precedent. On the other hand, Aker has obligations to suppliers and sub-contractors who have been hit financially by the cancellations, and will have to share the compensation payment with them—if and when it receives the money.

Aker's other compensation claim against Reksten—for his cancellation of two tankers of 285,000 dwt each—is due to be dealt with by an arbitration court later this summer. Reksten claimed that he cancelled the ships because of delivery delays, but Aker does not accept this.

The Oslo Aftenposten reports, meanwhile, that the Government has earmarked Kr.200m. for the purchase from Hambros Bank of shares which Reksten has deposited with the bank.

It says the Government is chiefly interested in buying shares in the Norsk Hydro concern (where the State stake is already over 50 per cent.) though it will probably also buy other industrial and shipping shares—"and in this way considerable portfolios may come into the hands of the State."

THE LEX COLUMN

Coats meets the institutions

Index fell 7.5 to 350.6

The row over the passing last week of Coats Patons' final dividend drew over thirty institutional representatives to the two-hour meeting yesterday afternoon with Coats at their brokers Rowe and Pitman. A change of mind on either side was never likely to occur at the meeting, officially described as "private and informal." Suggestions that Coats might pay a dividend after all, which have caused some fluctuations in the share price, have looked unlikely from the start. But the institutions have made their point, any other company that might want to follow a similar line has now been given a very clear indication of what the response will be.

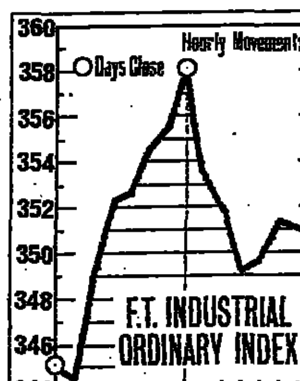
None of this goes any way towards answering the real problem posed by Coats, which apparently continued to stress that it was unwilling to, effectively, borrow the dividend. But it is a pity that a company and its shareholders should have got so much at odds—partly because, as Coats has pointed out, the tax system is becoming a divisive influence. One lesson, perhaps, is that outside directors can have their uses. Meanwhile the institutions may now decide to let the matter rest, for it is hard to see that a protest vote at the annual meeting would be worthwhile.

De La Rue

Excluding aquisitions, De La Rue's profits are 24 per cent. lower before tax at £6.97m. But the market was not concerned with such niceties, preferring to latch on to the fact that at the net attributable level group profits overall are 14 per cent. higher—and still covering the increased dividend by well over two times. The shares jumped a tenth to 183p where the yield is 9.1 per cent.

In the second half of the year the Crosfield acquisition contributed a maiden £1.3m. before financing costs without which De La Rue's pre-tax setback from October to March extends to 43 per cent.; and that takes in some useful currency gains given a non-U.K. profits ratio of about 70 per cent. On lower margins, security printing moved ahead by 17 per cent. to £4.2m. but laminates duly collapsed from £5.4m. to £2.5m. pre-tax. Roughly three-quarters of sales here arise outside the U.K. where the cushion from a D-I-Y market is more limited than in the U.K. and France and Germany moved into the red. Hence a lower minority charge.

The year's interest charge is £1.1m. higher at £2.6m. with £16m. of net borrowings at the year end, or about 40 per cent.



of tangible shareholders funds. Stocks were 50 per cent. higher at £24m. while last year's capital expenditure totalled £8m. against depreciation and retentions of maybe a little over half that figure. Understandably, De La Rue is attempting to arrange some medium term bank financing.

Saint-Gobain

Operating profits down a third in the second half of last year; sales growth slowing from 25 per cent. in 1974 to just 4 per cent. in the first three months of 1975; a cut of well over a quarter in capital spending this year—the story is familiar, but the source is different. Saint-Gobain started to move sharply into reverse during the final quarter of last year and profits in 1975, according to the accounts, are going to be "considerably lower."

One explanation is the continued stagnation in Germany, which accounted for a fifth of sales last year and seems to have barely broken even. For what it is worth, Germany dropped from 25 to under 0.5 per cent. of the holding company's dividend income after heavy losses both in insulation installation and in fibreglass for the plastics industry. The group's contracting earnings dropped by over Frs.40m. into the red with losses of Frs.21m. in industrialised housing. Its flat glass production fell by 7 per cent. overall, and volume in the French float glass operations is currently down by nearly a fifth.

On the brighter side, insulation now makes up nearly a tenth of group sales and remains a strong market, and so does cast iron pipework. But this contrast with Saint-Gobain's normal optimism leaves very little appeal in a yield of 9½ per cent. and a p/e of 5.7 and the spotlight now turns to Pilkington, which has been showing relative price strength recently, and is scheduled to produce its results next week.

Wedd Durlacher

Wedd Durlacher has made £499,000 pre-tax for the year to January 13, with its share of the London jobbing market rising slightly to 45 per cent. But Wedd's year-end gave it just five days of the bull market whereas Akroyd and Smithers—£5.6m. pre-tax for the six months to March—traded for nearly three months of the upturn. At the same time both Akroyd and Smith Bros (profits of just £25,000 for half-year to November) both run much smaller books than Wedd, a fact that the latter is clearly conscious of. As an indication of the upturn in business since January, Akroyd's six-month turnover all but doubled while last year Wedd managed a 12 per cent. rise only. Thus 1975-76 will undoubtedly tell a different story. Group net worth has probably not changed much from the £6m. discloed early in 1974.

Swan Hunter

Swan Hunter has a dozen tankers on order from its Swan Maritime associate with penalty clauses in the event of cancellation, and its associate profits—according to the accounts—will be maintained this year. Clearly the outlook is finely balanced. But the nationalisation uncertainty remains the major constraint on a market capitalisation of £14.3m. at 78p. That compares with profits last year of £12.4m. (after provisions of £1.3m.), with net cash balances of nearly £16m., and with net worth of £39m.—before a £27m. surplus on plant and buildings based on an existing use valuation.

£42m. plan for clothing industry

By Rhys David

A £42M. SCHEME to improve productivity in the clothing industry and reduce its trade deficit has been put before the Government by the industry's economic development committee.

The scheme, phased over four years, would provide grants towards improving the industry's productivity, management, exports, organisational structure and image.

Special aid would be given to companies with proven export performance, and a clothing productivity centre would be set up. In addition, the Clothing EDC suggests a number of complementary self-help measures which the industry could implement without Government aid.

The proposals, drawn up after consultations with individual companies, industry trade associations and trade unions, would take advantage of the 1972 Industry Act.

A £15m. scheme under the Act is already in operation for the wool textile industry and the possibility of using the Act's provisions to help other sections of the textile industry was put forward by Mr. Wilson when he rejected the case made by the industry for import controls last month.

Made public

The Chancellor also announced in the Budget that £100m. was being set aside to help industry in general to modernise through the Industry Act, and this has provided the stimulus for a number of industrial sectors to begin drawing up aid schemes.

In the case of clothing the EDC's proposals have been with the Government for four months. The scheme has now been made public because the details have become widely known and have indeed been debated at this week's conference of the National Union of Tailors and Garment Workers.

The Department of Industry said yesterday that the proposals were still being considered. It is thought, however, that a reply to the EDC case may be given within the next few weeks.

Details Page 29

Registered at the Post Office. Printed by St. Clements Press Ltd. for and published by the Financial Times Ltd., Bracken House, Cannon Street, London EC4P 4BY.